Registered number: 07671378

Registered office:
The Broadgate Tower, Third Floor
20 Primrose Street
London EC2A 2RS
United Kingdom

NAVIRES FUELS LIMITED

Annual report and financial statements

Year ended 31 December 2018

NAVIRES FUELS LIMITED

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NAVIRES FUELS LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Navires Fuels Limited (the "Company") for the year ended 31 December 2018.

The Company was incorporated in the United Kingdom and registered in England and Wales on 15 June 2011 as a private company limited by shares under the Companies Act 2006. The Company's accounting reference date is 31 December.

Effective 2 March 2018, Rolympus (US) Commodities Group LLC ceased to be the Company's immediate parent. Rolympus (US) Commodities Group LLC merged with Castleton Commodities Merchant Trading L.P. ("CCMT"), a member of the CCI Group, incorporated in the United States. As a result of the merger on 2 March 2018, CCMT which is the surviving entity became the Company's immediate parent.

The ultimate parent undertaking and controlling entity is Castleton Commodities International LLC ("CCI"), incorporated in the United States under the laws of State of Delaware. CCI together with the Company and CCI's other subsidiary undertakings form the "CCI Group", which prepares accounts on a group basis.

PRINCIPAL ACTIVITY

The principal activity of the Company is the supply of ultra-low sulphur diesel in Spain during the current year and the supply chain for jet fuel for European airports in 2017.

No significant change in the Company's principal activity is expected.

BUSINESS REVIEW

The statement of comprehensive loss for the year is set out on page 9. The Company recorded a loss after tax of \$109,000, a decrease of \$2,628,000 compared to prior year loss of \$2,737,000. The decrease is primarily attributable to winding down the prior year business of the supply chain for jet fuel and of the current year supply of the ultra-low sulphur diesel. During the year, the parent made a capital cash contribution in the amount of \$1,800,000.

The balance sheet is set out on page 11. The Company's net assets at 31 December 2018 were \$3,878,000 compared to \$2,179,000 at the prior year end, an increase of \$1,699,000.

Going concern

As at 31 December 2018, the Company had a net asset position of \$3,878,000 (2017: \$2,179,000) and current year loss of \$109,000 (2017: loss of \$2,737,000).

CCI has committed to provide financial support, either directly or indirectly, through intermediary holding companies, through at least 28 October 2020, to ensure the Company has sufficient funds to support its operations and meet its ordinary course financial obligations as and when they become due.

The directors have performed an assessment of the Company's future operational activity and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

STRATEGIC REPORT

BUSINESS REVIEW (CONTINUED)

Risk management

The Company is exposed to various financial risks such as market, credit, liquidity and funding, and operational risk in the normal course of business. The risk management policies are established by CCI Group and risk management practices are made in close collaboration and consultation with CCI Group on its overall business strategies.

The management of these risks are outlined below. More detailed qualitative and quantitative disclosures about the Company's management of and exposure to financial risks are included in note 14 to the financial statements.

Market risk
This risk is related to potential mark-to-market losses from the Company's assets and liabilities because of adverse market movements. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying commodities, derivatives and securities are traded. The Company is exposed to market risks associated with its trading activities such as fluctuations in prices of physical commodities. The Company's risk management policies and procedures are consistent with those of its ultimate parent undertaking and include escalation to appropriate senior management personnel.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk management policies and procedures of the Company establish the framework for ensuring transparency of material credit risks, ensuring compliance with established limits and escalating risk concentrations to appropriate senior management.

The Company enters into the majority of its financial asset transactions with other CCI Group undertakings, and both the Company and the other CCI Group undertakings are wholly-owned subsidiaries of the same ultimate parent entity, CCI. As a result of the implicit support that would be provided by CCI, the Company is considered exposed to the credit risk of CCI.

Liquidity risk
Liquidity risk refers to the risk of difficulties in meeting payment obligations. The Company 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 Company can obtain financial support directly or indirectly from its ultimate parent. Such financial support can take the form of debt or capital contributions.

The Company's liquidity and funding risk management policies and procedures are consistent with those of the CCI Group. The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cash flows. In the event that the Company's operating cash flows would not cover its financial obligations as and when they become due, the Company can obtain financial support directly or indirectly from its ultimate parent. Such financial support can take the form of debt or capital contributions.

Operational risk
Operational risk refers to the risk of loss, or of damage to the Company's reputation, resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal, regulatory and compliance risks but excludes strategic risk. Operational risk relates to the following risk event categories: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; business disruption and system failure; damage to physical assets; and execution, delivery and process management.

STRATEGIC REPORT

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

The Company is exposed to legal, regulatory and compliance risks, which include the risk of legal or regulatory sanctions, material financial loss; such as fines, penalties, judgements, damages and/ or settlements or loss to reputation the Company may suffer as a result of a failure to comply with laws, regulations, rules, self-regulatory organisations standards and codes of conduct applicable to business activities.

Legal risk also includes contractual and commercial risks in the event that a counterparty's performance obligations will be unenforceable. The Company has established procedures designed to foster compliance with applicable statutory and regulatory requirements. The Company, principally through the CCI Group's Legal and Compliance Division, also has established procedures relating to business conduct, ethics and practices that are followed globally. Further, the Company continuously develops various procedures addressing issues such as, trading practices, new products, information barriers, potential conflicts of interest, structured transactions, anti-money laundering, privacy and recordkeeping.

In addition, the Company has established procedures to mitigate the risk that a counterparty's performance obligations will be unenforceable, including consideration of counterparty legal authority and capacity, adequacy of legal documentation, the permissibility of a transaction under applicable law and whether applicable bankruptcy or insolvency laws limit or alter contractual remedies.

Culture, values and conduct of employees
All of the CCI Group's employees have accountability for risk management. The CCI Group strives to establish a culture of effective risk management through its defined core values, governance framework, management oversight, training and development programs, policies, procedures, and defined roles and responsibilities within the CCI Group. The actions and conduct of each employee are essential to risk management. The CCI Group's Code of Conduct (the "Code") has been established to provide a framework and standards for employee conduct that further reinforces the CCI Group's commitment to integrity and high ethical standards. Every new hire and every employee annually must certify to their understanding of and adherence to the Code. The employee annual review process includes evaluation of adherence to the Code. The Incentive Compensation Policy sets forth standards that specifically provide that managers must consider whether the employee effectively managed and supervised the risk control practices of his/her employee reports during the performance year. The CCI Group has several mutually reinforcing processes to identify incidents of employee conduct that may have an impact on the employment status, current year compensation or prior year compensation.

Key performance indicators
The directors of CCI manage the Group's operations on a regional basis. For this reason, the Company's directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of CCI, which includes the Company, are detailed in the Group's Annual Report, which does not form part of this report.

Approved by the Board and signed on its behalf by

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D F Hines, Director

28 October 2019

NAVIRES FUELS LIMITED

DIRECTORS' REPORT

The Directors present their Annual report and financial statements which comprise the statement of comprehensive loss, the statement of changes in equity, the balance sheet, the statement of cash flows, and the related notes, 1 to 18 for the Company for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The loss for the year, after tax, was $109,000 (2017: loss of $2,737,000).

During the year, no a dividend was paid. No further dividends have been proposed nor paid (2017: $36,100,000). During the year, the parent made a capital cash contribution in the amount of $1,800,000.

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

Information regarding risk management and future developments has been included in the Strategic report.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report (except where otherwise shown):

D F Hines	
S F Zichichi	
T Simpson	
G C Fraser	(Resigned 8 November 2018)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance is taken out by CCI, the Company's ultimate parent undertaking, for the benefit of the Directors and Officers of the Company.

DIRECTORS' INDEMNITY

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

SUBSEQUENT EVENTS

There have been no material subsequent events which require separate disclosure between the period end and the date of this report

AUDITOR

Deloitte LLP has been appointed as the auditors of the Company to hold office until the end of the next year for appointing auditors under section 485(2) of the Companies Act 2006. It is noted that, as this appointment is made by the directors, the auditors would not automatically be deemed reappointed under section 487 of the Companies Act 2006 at the end of the next year for appointing auditors and would need to be reappointed (if reappointed) by the members.

NAVIRES FUELS LIMITED

DIRECTORS' REPORT

AUDITOR (CONTINUED)

Statement as to disclosure of information to the auditor

Each of the persons who are Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information (being information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial 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 laws) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved by the Board and signed on its behalf by

David F. Hines

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D F Hines, Director

28 October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NAVIRES FUELS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Navires Fuels Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the statement of comprehensive loss;
- the statement of changes in equity;
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NAVIRES FUELS LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NAVIRES FUELS LIMITED (CONTINUED)

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

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.

Mark Rhys (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 October 2019

NAVIRES FUELS LIMITED
Registered number: 07671378

STATEMENT OF COMPREHENSIVE LOSS
For the year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	2	13,650	30,829
Cost of sales	3	(13,676)	(33,832)
Gross profit		(26)	(3,003)
Other operating income	5	46	453
Other operating expense	6	(129)	(172)
Interest payable and similar expenses	4	-	(15)
LOSS BEFORE TAXATION		(109)	(2,737)
Tax on loss	8	-	-
LOSS FOR THE FINANCIAL YEAR		(109)	(2,737)
OTHER COMPREHENSIVE INCOME			
Currency translation reserve:			
Amount reclassified to the profit or loss	13	8	-
TOTAL COMPREHENSIVE LOSS		(101)	(2,737)

All operations were continuing in the current and prior year.

The notes on pages 13 to 23 form an integral part of these financial statements.

NAVIRES FUELS LIMITED
Registered number: 07671378

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Note	Called up share capital S'000	Additional paid-in capital S'000	Currency translation reserve S'000	Profit and loss account $'000	Total $'000
At 1 January 2017		5,387	38,698	(8)	(3,061)	41,016
Loss for the year		-	-	-	(2,737)	(2,737)
Total comprehensive loss for the year		-	-	-	(2,737)	(2,737)
Equity dividends paid	12	-	(36,100)	-	-	(36,100)
At 1 January 2018		5,387	2,598	(8)	(5,798)	2,179
Loss for the year		-	-	-	(109)	(109)
Other comprehensive income:						
Amount reclassified to the profit or loss	13	-	-	8	-	8
Total comprehensive loss for the year		-	-	8	(109)	(101)
Capital introduced	12	-	1,800	-	-	1,800
At 31 December 2018		5,387	4,398	-	(5,907)	3,878

The notes on pages 13 to 23 form an integral part of these financial statements.

NAVIRES FUELS LIMITED
Registered number: 07671378

BALANCE SHEET
As at ended 31 December 2018

	Note	2018 $'000	2017 $'000
CURRENT ASSETS			
Debtors	9	575	6,660
Cash at bank and in hand		3,356	1,818
		3,931	8,478
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	10	(53)	(6,299)
		(53)	(6,299)
NET CURRENT ASSETS		3,878	2,179
TOTAL ASSETS LESS CURRENT LIABILITIES		3,878	2,179
NET ASSETS		3,878	2,179
CAPITAL AND RESERVES			
Called up share capital	11	5,387	5,387
Additional paid-in capital	12	4,398	2,598
Currency translation reserve	13	-	(8)
Profit and loss account		(5,907)	(5,798)
SHAREHOLDER'S FUNDS		3,878	2,179

The notes on pages 13 to 23 form an integral part of these financial statements.
These financial statements were approved by the Board and authorised for issue on 28 October 2019

Signed on behalf of the Board

D F Hines, Director

28 October 2019

NAVIRES FUELS LIMITED
Registered number: 07671378

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	2018 S'000	2017 S'000
Operating activities			
Loss for the year		(109)	(2,737)
Foreign exchange gain on cash balances		(42)	109
Currency translation reserve reclassified to the profit or loss	13	8	-
Adjustments for:			
Decrease / (increase) in physical commodities		-	33,543
Decrease / (Increase) in debtors	9	6,085	(34,492)
(Decrease) / Increase in creditors	10	(6,246)	6,151
Net cash (used in) / provided by operating activities		(304)	2,574
Financing activity			
Repayments of borrowings from related party		-	(2,507)
Contribution from member	12	1,800	-
Cash provided by (used in) financing activity		1,800	(2,507)
Net increase in cash and cash equivalents		1,496	67
Effect of foreign exchange rate changes on cash and cash equivalents		42	(109)
Cash and cash equivalents at beginning of year		1,818	1,860
Cash and cash equivalents at end of year		3,356	1,818

The notes on pages 13 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. ACCOUNTING POLICIES

The Company's principal accounting policies are summarised below and have been applied consistently throughout the current and prior year.

a. Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The Company was incorporated in the United Kingdom and registered in England and Wales on 15 June 2011 as a private company limited by shares under the Companies Act 2006. The address of the registered office is given on the cover page. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 3.

b. The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the Strategic report on pages 1 to 3. In addition, the notes to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As at 31 December 2018, the Company had a net asset position of $3,878,000 (2017: net asset $2,179,000) and current year loss of $109,000 (2017: loss $2,737,000). The directors have performed an assessment of the Company's future operational activity and have concluded that it is appropriate to prepare the financial statements on a going concern basis. CCI has committed to provide financial support, either directly or indirectly, through intermediary holding companies, through at least 28 October 2020, to ensure the Company has sufficient funds to support its operations and meet its ordinary course financial obligations as and when they become due.

c. Reporting currency

Items included in the financial statements are measured and presented in US dollars. All currency amounts in the financial statements, Directors' report and Strategic report are rounded to the nearest thousand US dollars.

d. Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the balance sheet date. Transactions and non-monetary assets and liabilities denominated in currencies other than US dollars are recorded at the rates prevailing at the dates of the transactions. All translation differences are taken through the profit and loss account. Exchange differences recognised in the profit and loss account are presented in 'Other operating income' or 'Other operating expense'.

e. Financial instruments

The Company accounts for its financial instruments in accordance with the provisions of FRS 102 sections 11 and 12. The Company classifies its financial assets into the following category on initial recognition: financial assets classified loans and receivables.

The Company classifies its financial liabilities into the following category on initial recognition: financial liabilities classified as financial liabilities at amortised cost.

1. ACCOUNTING POLICIES (CONTINUED)

More information regarding these classifications is included below:

i) Loans and receivables and financial liabilities at amortised cost

Financial assets classified as loans and receivables are recognised when the Company becomes a party to the contractual provisions of the instrument. They are initially measured at fair value (see note 1(f) below) and subsequently measured at amortised cost less allowance for impairment. Interest is recognised in the profit and loss account in 'Interest income', using the effective interest rate method as described below. Transaction costs that are directly attributable to the acquisition of the financial asset are added to or deducted from the fair value on initial recognition. Impairment losses and reversals of impairment losses on financial assets classified as loans and receivables are recognised in the profit and loss account in 'Other operating expense'.

Financial liabilities at amortised cost are recognised when the Company becomes a party to the contractual provisions of the instrument. They are initially measured at fair value (see note 1(f) below) and subsequently measured at amortised cost. Interest is recognised in the profit and loss account in 'Interest payable and similar expenses' using the effective interest rate method as described below. Transaction costs that are directly attributable to the issue of the financial liability are added to or deducted from the fair value on initial recognition.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument (or a group of financial instruments) and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate a shorter period) to the carrying amount of the financial instrument. The effective interest rate is established on initial recognition of the financial instrument. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

f. Fair value of financial instruments

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 — Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets.
- Level 2 — Inputs include directly or indirectly observable inputs.
- Level 3 — Inputs include unobservable inputs used in the measurement of assets and liabilities that are not based on observable market data.

The Company uses closing exchange prices to value derivatives and marketable securities included in Level 1. Derivative assets, derivative liabilities, and inventories included in Level 2 are valued using multiple price quotes by market participants other than exchanges, industry polling, and other inputs that are derived principally from, or corroborated by, observable market data. Derivative assets and liabilities included in Level 3 are valued using valuation models, which include management's assumptions and other observable and unobservable inputs to determine fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

g. Derecognition of financial assets and liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

h. Impairment of financial assets

At each balance sheet date, an assessment is made as to whether there is any objective evidence of impairment in the value of financial assets classified as either available-for-sale or loans and receivables. Impairment losses are recognised if an event has occurred which will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated.

Impairment losses on loans and receivables are measured as the difference between the carrying amount of the loans and receivables and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the profit and loss account within 'Other expense' and are recognised against the carrying amount of the impaired asset on the balance sheet. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

i. Revenue

Revenue from physical sales of commodities are recognised when the Company satisfies performance obligations by transferring control of promised products to the customer. Performance obligations are unit of account and generally represent distinct goods that are promised to customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation. Transaction price is the amount of consideration the contract to which the Company expects to be entitled in exchange for transferring the promised goods. For physical sales of commodities, each unit sold is considered a distinct good and the related performance obligation is satisfied at a point in time upon delivery to a customer at the contractually stated price and quantity of product delivered. Physical purchases are reflected in cost of goods sold in the statement of comprehensive loss.

j. Taxation

UK corporation tax is provided at amounts expected to be paid/recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1. ACCOUNTING POLICIES (CONTINUED)

j. Taxation (continued)

Current tax assets are offset against current tax liabilities when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

k. Reclassification of comparative accounts

The Company has revised the presentation of revenue and cost of sale to the gross basis in the statement of comprehensive loss to enhance the comparability with the current year presentation. This had no impact on the Company's net results for either the current year or prior period.

The Company reclassified the currency translation reserve to profit or loss during the current year. This increased the current period loss and increased the other comprehensive income by the same amount and had no impact on the Company's total comprehensive loss for the current year.

l. Critical judgements and accounting estimates

The preparation of the financial statements requires management to make judgments and estimates that affect reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

There are no significant judgments or estimates requiring disclosure.

2. REVENUE

	2018 $'000	2017 $'000
Commodity sales	13,650	30,829

In 2018, the revenues earned from commodity sales relate to the purchase of ultra-low sulphur diesel supply from another entity within the CCI group and sale on to a third parties. In 2017, the revenues earned from commodity sales relate to the supply chain for jet fuel for European airports.

3. COST OF SALES

	2018 $'000	2017 $'000
Commodities	13,676	33,832

In 2018, these costs related to the purchase of ultra-low sulphur diesel supply from another entity within the CCI group. In 2017, these costs related to the purchase of the supply chain for jet fuel for European airports.

4. INTEREST PAYABLE AND OTHER SIMILAR EXPENSES

	2018 $'000	2017 $'000
Interest expense on loan from related parties	-	14
Other interest expense	-	1
	-	15

5. OTHER OPERATING INCOME

	2018 $'000	2017 $'000
Net foreign exchange gains	9	453
Gain from forward foreign currency contracts	26	-
Other income	11	-
	46	453

6. OTHER OPERATING EXPENSE

	2018 $'000	2017 $'000
Net foreign exchange losses	67	43
Losses from forward foreign currency contracts	-	36
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	37	43
Fees payable to the Company's auditor for the agreed-upon procedures	19	-
Other expenses	6	50
	129	172

The Company employed no staff during the year (2017: nil).

7. DIRECTORS' BENEFITS

The Company paid no remuneration to its Directors during the current or prior year. The charges in respect of Directors' qualifying services to the Company have been borne by another CCI Group undertaking.

The amount of remuneration received by Directors in respect of their qualifying services to the Company is disclosed below:

	2018 $'000	2017 $'000
Total remuneration of all Directors:		
Aggregate remuneration	50	165
Long term incentive schemes	-	1
	50	166

Directors' remuneration has been calculated as the sum of cash, bonuses, and benefits in kind.

The Company's Directors who are employees of the CCI Group participate in CCI's Equity Incentive Program (the "Equity Plan"), the Energy Trading Innovations Retention Units ("ETI Retention Units") and CCI's Executive Unit Program (the "Executive Plan") and are eligible for award units under these plans which are awarded under the CCI Group's equity-based long term incentive schemes. During the year ended 31 December 2018, under these incentive schemes, no Director exercised shares (2017: nil) and two Directors received unit awards in respect of qualifying services (2017: three Directors).

The Company has not provided any loans or other credit advances to its Directors during the year.

8. TAX ON LOSS

Analysis of expense in the year

	2018 $'000	2017 $'000
UK corporation tax at 19% (2017: 19.25%)		
Current year	-	-
Tax on profit/(loss)	-	-

At Summer Budget 2015, the government announced legislation setting the Corporate Tax main rate at 19% for the years starting 1 April 2017, 2018, and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporate Tax main rate (for all profits except ring fence profits) for the year 1 April 2020, setting the rate 17%.

8. TAX ON LOSS (CONTINUED)

Factors affecting the current tax expense for the year

The current year UK taxation charge is higher (2017: higher) than that resulting from applying the average standard UK corporation tax rate for the year of 19% (2017: 19.25%). The main differences are explained below:

	2018 $'000	2017 $'000
Loss before tax	(109)	(2,737)
Loss multiplied by the average standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(21)	(527)
Effects of:		
Effect of tax losses not recognised	21	527
Current tax expense for the year	-	-

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognised if, based on the weight of available evidence including historical tax losses, it is more likely than not that some or all of deferred tax assets will not be realised. Conversely, the recognition of a previously established valaution allowance will be reversed in the future if it is more likely than not that some of all of deferred tax assets will be realised. As at 31 December 2018, no deferred tax assets are included in the accompanying balance sheet. There is no expiry date on timing differences, unused tax losses or tax credits.

9. DEBTORS

	2018 $'000	2017 $'000
CCI Group undertakings	575	6,660
	575	6,660

The outstanding balances with CCI Group undertakings which are denominated in USD are unsecured and repayable on demand. No guarantees have been given or received. No expense has been recognised in the year 2018 and 2017 for bad or doubtful debts in respect of the amounts due from related companies.

10. OTHER CREDITORS

	2018 $'000	2017 $'000
Amounts falling due within one year		
Accruals and deferred income	53	609
Other amounts due to CCI Group undertakings	-	5,690
	53	6,299

10. CREDITORS (CONTINUED)

At 31 December 2018, the creditors balance is primarily due to the accrual of the audit fees. At 31 December 2017, the creditors balance is primarily due to the outstanding balances with CCI Group undertakings which are denominated in USD and are unsecured and repayable on demand.

11. CALLED UP SHARE CAPITAL

	2018 $'000	2017 $'000
Allotted and fully paid:		
5,386,716 ordinary shares of $1 each	5,387	5,387

The Company has one class of ordinary shares which carry one vote per share and carries a right to dividend as and when declared by the Company.

12. ADDITIONAL PAID-IN CAPITAL

	2018 $'000	2017 $'000
Additional paid-in capital	4,398	2,598

During 2018, the Company received the cash contribution in the amount of $1,800,000 from the parent.

Supplemental non-cash information:

In 2017, the Company paid equity dividend of $36,100,000 to its parent. The dividend payment was satisfied by the cancellation of the rights to receive the sum of $36,100,000 which was due from the parent to the Company.

13. RESERVES

Currency translation reserve

The 'Currency translation reserve' comprises all foreign exchange differences arising from the translation of the net assets of foreign operations denominated in currencies other than US dollars. During 2018, the Company reclassified the remaining currency translation reserve in the amount of $8,000 to the profit or loss account 'Other operating expense'.

14. FINANCIAL RISK MANAGEMENT

Risk management procedures

The Company is exposed to various financial risks such as credit, liquidity and funding, and market risk in the normal course of business. The risk management policies are established by CCI Group and management practices are made in close collaboration and consultation with CCI Group on its overall business strategies. The management of these risks are outlined below.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk management policies and procedures of the Company establish the framework for ensuring transparency of material credit risks, ensuring compliance with established limits and escalating risk concentrations to appropriate senior management.

The Company enters into the majority of its financial asset transactions with other CCI Group undertakings, and both the Company and the other CCI Group undertakings are wholly-owned subsidiaries of the same ultimate parent entity, CCI. As a result of the implicit support that would be provided by CCI, the Company is considered exposed to the credit risk of CCI.

The maximum exposure to credit risk of the Company at the reporting date is the carrying amount of the financial assets held in the balance sheet. At 31 December 2018 there were no financial assets past due but not impaired or individually impaired (2017: none).

Liquidity and funding risk

Liquidity risk refers to the risk of difficulties in meeting payment obligations. The Company's operations are financed mainly through borrowings from the CCI Group. The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company 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 Company can obtain financial support directly or indirectly from its ultimate parent. Such financial support can take the form of debt or capital contributions.

Market risk

This risk is related to potential mark-to-market losses from the Company's assets and liabilities because of adverse market movements. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying commodities, derivatives and securities are traded. At 31 December 2018, financial instruments in the form of loans and receivables were generally with the CCI Group.

Capital management

For the purposes of the Company's capital management, capital includes issued share capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

15. FAIR VALUE MEASUREMENTS

a. Fair value hierarchy disclosure

The carrying amounts of cash and cash equivalents, amounts due from and to CCI Group undertakings approximates their respective fair values due to the relatively short-term maturity of these financial instruments with. The Company had no other financial assets and liabilities with the carrying value at fair value, classified according to the fair value hierarchy at 31 December 2018.

The following table present the carrying value of the Company's financial assets recognised at fair value, classified according to the fair value hierarchy at 31 December 2017:

	Quoted prices in active market (Level 1) $'000	Valuation techniques using observable inputs (Level 2) $'000	Valuation techniques with significant unobservable inputs (Level 3) $'000	Total $'000
Forward foreign currency contracts (intercompany)	-	17	-	17
Total financial assets measured at fair value	-	17	-	17

The Company's valuation approach and fair value hierarchy categorisation for balances recognised at fair value is as follows:

Forward foreign currency contracts

The Company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments. The value of the assets and liabilities held at fair value through profit and loss are determined used quoted prices.

b. Significant transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets recognised at fair value

The Company did not have financial assets and liabilities with the carrying value at fair value, classified according to the fair values hierarchy at 31 December 2018. The Company has revised the fair value measurement of forward foreign currency contracts from Level 1 to Level 2 in 2017.

c. Changes in Level 3 financial assets recognised at fair value

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the current year or prior year.

d. Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

All financial instruments are valued in accordance with the techniques outlined in the fair value hierarchy. Some of these techniques, including those used to value instruments categorised in Level 3 of the fair value hierarchy, are dependent on unobservable parameters and the fair value for these financial instruments has been determined using parameters appropriate for the valuation methodology based on prevailing market evidence.

It is recognised that the unobservable parameters could have a range of reasonably possible alternative values.

15. FAIR VALUE MEASUREMENTS (CONTINUED)

In estimating the change in fair value, to provide information about the variability of the fair value measurement, the unobservable parameters were varied to the extremes of the ranges of reasonably possible alternatives using statistical techniques, such as dispersion in comparable observable external inputs for similar asset classes, historic data or judgement if a statistical technique is not appropriate. Where a financial instrument has more than one unobservable parameter, the sensitivity analysis reflects the greatest reasonably possible increase or decrease to fair value by varying the assumptions individually.

The effect of reasonably possible alternative assumptions on the fair value of level 3 financial assets and liabilities is not material.

For all financial instruments not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value due to the short term nature of these assets and liabilities.

16. RELATED PARTY TRANSACTIONS

At 31 December 2018, the Company had a receivable from CCI Group undertakings of \$575,000 (2017: receivable of \$6,600,000) and a payable to CCI Group undertakings of \$ nil (2017: \$5,690,000).

During the year ended 31 December 2017, the Company incurred interest expense on loans from CCI Group undertakings of \$ nil (2017: \$14,000).

There were no other related party transactions requiring disclosure.

17. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent is Castleton Commodities Merchant Trading L.P. ("CCMT"), a limited partnership incorporated in the United States under the laws of State of Delaware.

The ultimate parent undertaking and controlling entity is Castleton Commodities International LLC ("CCI"), incorporated in the United States under the laws of State of Delaware. The registered office of CCMT and CCI is c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. CCI together with the Company and CCI's other subsidiary undertakings form the "CCI Group", which prepares the largest and smallest group accounts.

18. SUBSEQUENT EVENTS

There have been no material subsequent events which require separate disclosure between the period end and the date of this report.