Company Registration No. 02214224

Mitsubishi Corporation International (Europe) Plc

Report and Financial Statements

31 March 2013

Mitsubishi Corporation International (Europe) Plc

Report and financial statements 2013

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Officers and professional advisers

Directors

H Hayashi
S Iwai
T Nambu
J Utsuki
S Kowase
Y Kitagawa
J Kitaguchi
S Shimada

Secretary

H Nasu

Registered Office

Mid City Place
71 High Holborn
London
WC1V 6BA

Principal Bankers

Bank of America Merrill Lynch
5 Canada Square
London
E14 5AQ

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Auditor

Deloitte LLP
Chartered Accountants
London

Mitsubishi Corporation International (Europe) Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013.

Principal activities

The company's principal activities are those of trading in a broad range of commodities, industrial and consumer products, and the provision of services, including financing.

Business review

Turnover for the year ended 31 March 2013 amounted to £478 million (2012: £599 million) and the gross profit percentage was 4.76% (2012: 3.62%). The decrease in turnover was mainly due to the reduction in aluminium transactions and the company's decision to transfer the business covered by the Chemical division in London to the company's subsidiary in Germany effective 1 July 2011. Profit for the year ended 31 March 2013 after taxation amounted to £20.1 million (2012: £58.6 million), this included dividend income of £10.2 million (2011: £50.2 million) from the company's European subsidiaries. The company continued to perform well given the market conditions that continue to be challenging and the profits were primarily driven by the aluminium business within the Metal division.

Other operating income net of expenses for the current year amounted to £15.3 million which is higher than last year (2012: £13.4 million). There was an increase in service and management fee income and other income. The company has recognised foreign exchange gains of £0.8 million (2012: losses £0.2 million) as a result of favourable exchange rate changes.

The stock holding level has increased by approximately £24 million to £174 million as at 31 March 2013 compared to the prior year (2012: £18 million to £150 million). The amount held in stock at any one time will vary depending upon the timings of deliveries. The proportion of current liabilities to current assets is 88% which has increased compared with the previous year (2012: 79%).

In order to reduce the funding deficit and risk in the company's defined benefit pension scheme, the management decided to purchase bulk annuities and deferred annuities to cover pensions in payment and deferred pensions. This was funded by a combination of the sale of other scheme investments and a single company contribution of £8 million in December 2012. The £8 million insurance buy-in was recognised in the statement of total recognised gains and losses and has no impact on the company's profit for the year.

The company has recognised a full provision for impairment of approximately £1 million against the investment in Seabased AB, a Swedish company which develops 'sea wave' technology for power generation due to a delay in the underlying project.

During the year, the company invested a total of approximately £17 million representing 80% of the share capital in a company called MC Engine Leasing Limited (MCELL) which specialises in aircraft engine leasing.

The total dividend income received during the year amounted to £13 million (2012: £52.9 million).

Overall, the directors are pleased with performance this year and expect that the company will continue to perform well under the prevailing difficult market conditions. The directors remain committed to further strengthening internal controls and compliance to manage the risks to which the company is exposed to.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

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Directors' report (continued)

Future prospects

While the directors do not anticipate any significant changes in the business in the near future, the current economic environment does present a challenge to the company in maintaining this strong performance. This will not be an easy task and it is expected that market conditions and the prevailing economic environment will continue to present the company with new challenges.

The company has invested in different industries such as aircraft engine leasing, power transmission projects and renewable energy. The company transferred its Chemical business to the company's subsidiary in Germany in 2011 to enhance Mitsubishi group's chemical business as a whole. This reflects the company's flexibility to take up new challenges and adapt to changes. It is considered that the company is in a good position to deal with these challenges. The company will continue to strengthen its trading groups from the company's as well as the group's perspective as a whole. Internal controls that identify and manage risk exposures and good relationships with customers will continue to be fundamental management tools in the day-to-day business operations.

Financial risk management objectives and policies

Because of the nature of the company's trading and business model, it is exposed to various risks, all of which are monitored and controlled. However these risks could potentially have a material impact on the company's performance. The principal areas of risk relate to credit risk, foreign exchange currency risk, interest rate risk, price risk and liquidity risk. These are briefly discussed below and in detail under note 20.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk primarily arises since trade in most cases requires extending credit to customers, without which many would not trade with the company.

This risk is managed through taking out credit insurance wherever possible and also having rigorous monitoring and investigation carried out by the risk management department.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company trades in many products in many countries in different currencies and is exposed to currency risk.

To manage this, the company has established and follows a strict policy of entering into forward exchange contracts to match sales and purchases in different currencies, wherever this risk exists.

Interest rate risk
Interest rate risk is split into two different types of risks - cash flow interest rate risk and fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the company has variable rate bank deposits and loans, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

A significant proportion of activity centres around funding made available to customers, for which interest is charged at a market rate. Funding for this is borrowed and so a potential risk of movements in interest rates arises on both the borrowing and lending side.

As a matter of policy, risk is managed by ensuring that lending is on the same basis as borrowing so movements on one side are matched by movements on the other side.

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Directors' report (continued)

Financial risk management objectives and policies (continued)

Price risk
Price risk is the risk that commodities that are bought at market price will fall in value before the company has been able to sell them.

By the nature of its trading, the company is exposed to price risk. This risk is managed and controlled in different ways. Where possible the company enters into back-to-back transactions so that the buying price and selling price are fixed at the same time. Also for some of the commodities that are traded, there is a commodities exchange market. In this instance commodity futures are bought and sold to hedge physical trading positions.

Liquidity risk
Liquidity risk is the risk that the company will have insufficient short-term assets to finance short-term liabilities. The company has significant levels of short-term liabilities so it is open to liquidity risk.

The risk is managed by effective cash management and continual monitoring of short-term funding requirements and an enhanced risk management system to identify any potential problems early with the realisation of liquid assets. The company also has quick access to short-term funding from group sources.

The use of derivatives is governed by the company's policies approved by the board of directors, which provides written principles on the use of financial derivatives. The company wishes to strictly control risk positions that are taken. All foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre applied limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

Dividends

The directors have recommended and paid an interim dividend of £29,275,000 during the year. The company has not declared a final dividend at the end of March 2013 (2012: interim and final dividend £14,336,000).

Directors

The current directors are shown on page 1. The directors who served throughout the year, except as noted, and up to the date of this report were:

H Hayashi	(appointed 9 April 2013)
T Terada	(resigned 9 April 2013)
Y Kitagawa	
S Iwai	(appointed 15 March 2013)
T Aiba	(resigned 15 March 2013)
T Nambu	
S Masuda	(resigned 1 April 2013)
N Iwabuchi	(appointed 1 April 2013 and resigned 28 June 2013)
J Kitaguchi	(appointed 28 June 2013)
K Suzuki	(resigned 1 April 2012)
K Morooka	(resigned 1 April 2012)
J Utsuki	(appointed 1 April 2012)
S Kowase	(appointed 1 April 2012)
Y Koike	(resigned 14 April 2012)
S Shimada	(appointed 8 May 2012)

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Directors' report (continued)

Charitable contributions

Contributions made to charities during the year amounted to approximately £250,000 (2012: £14,000).

Supplier payment policy

The company's policy is to settle terms of payments with suppliers when agreeing the terms of each transaction and then to adhere to these terms. During the year average payment terms were 32 days (2012: 28 days).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board

H Hayashi
Managing Director

28th June 2013

Mitsubishi Corporation International (Europe) Plc

Statement of directors' responsibilities

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 law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

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

Independent auditor's report to the members of Mitsubishi Corporation International (Europe) Plc

We have audited the financial statements of Mitsubishi Corporation International (Europe) Plc for the year ended 31 March 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matter prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Anthony Morris (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
28 June 2013

Mitsubishi Corporation International (Europe) Plc

Profit and loss account
Year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Turnover	1, 2	477,777	598,544
Cost of sales		(455,055)	(576,878)
Gross profit		22,722	21,666
Administrative expenses		(28,740)	(30,955)
Other operating income net of expenses	5	15,273	13,453
Operating profit	4	9,255	4,164
Dividend income from shares in group undertakings		13,001	52,883
Profit on transfer of the chemical business	6	-	2,550
Interest receivable and similar income	7	3,611	2,049
Impairment of fixed asset investment		(947)	-
Interest payable and similar charges	8	(2,153)	(1,660)
Profit on ordinary activities before taxation		22,767	59,986
Tax charge on profit on ordinary activities	9	(2,695)	(1,436)
Profit on ordinary activities after taxation and profit for the financial year	17	20,072	58,550

All of the company's operations for both the current and the preceding financial years fall into the category of "Continuing Operations" as defined in Financial Reporting Standard 3.

It is not possible to determine the difference between the profit on ordinary activities (before and after taxation) and their historical cost equivalents. Given the nature of the business and the use of fair value accounting under the requirements of FRS 26, the historical cost equivalent is not meaningful.

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Statement of total recognised gains and losses
Year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Profit for the financial year		20,072	58,550
Actuarial loss on pension scheme	21	(6,513)	(475)
UK current tax relief attributable to the pension buy-in	21	655	-
UK deferred tax attributable to actuarial loss	21	870	114
Movement on cash flow hedges	20	53	1
UK deferred tax attributable to cash flow hedges		(13)	-
Fair value movement on investment	12	160	(13)
Total recognised gains and losses since the last annual report and financial statements		15,284	58,177

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Balance sheet
As at 31 March 2013

	Notes	2013 £'000	2012 £'000
Intangible assets	10	465	814
Tangible fixed assets	11	114	114
Investments	12	116,513	98,678
		117,092	99,606
Current assets			
Stocks	13	173,641	149,848
Debtors			
Due within one year	14	243,276	276,987
Due after more than one year	14	6,089	2,751
Cash at bank and in hand		2,537	1,511
		425,543	431,097
Creditors: amounts falling due within one year	15	(373,644)	(341,987)
Net current assets		51,899	89,110
Total assets less current liabilities		168,991	188,716
Creditors: amounts falling due after more than one year	15	(1,680)	(6,165)
Net assets excluding pension asset		167,311	182,551
Pension asset	21	3,133	1,884
Net assets		170,444	184,435
Capital and reserves			
Called up share capital	16, 17	120,658	120,658
Hedging reserve	17	41	1
Revaluation reserve	17	622	462
Profit and loss account	17	49,123	63,314
Shareholders' funds	17	170,444	184,435

The financial statements of Mitsubishi Corporation International (Europe) Plc registered number 02214224 were approved by the Board of Directors on 28th June 2013.

Signed on behalf of the Board of Directors

H Hayashi
Managing Director

Mitsubishi Corporation International (Europe) Plc

Notes to the accounts
Year ended 31 March 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. They have all been applied consistently throughout the current year and preceding year.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and stock. The principal accounting policies are set out below.

Group accounts

These financial statements present information about the company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Mitsubishi Corporation, a company incorporated in Japan and so is therefore exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare and deliver group accounts.

Cash flow statement

The company has not prepared a cash flow statement under the FRS 1 exemption on the basis that the ultimate parent company produces publicly available consolidated accounts, which include a cash flow statement, into which the company's accounts are fully consolidated.

Going concern

The company has policies in place to ensure the risks mentioned in the directors' report and note 20 are within management's scrutiny and control. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks.

As discussed in the business review section of the directors' report, the company has continued to perform well during the year ended 31 March 2013.

The company has a strong balance sheet with positive net current assets and shareholders' funds. Of the total borrowings of the company as at 31 March 2013 of £328.3 million, £326.7 million (2012: £ 301.08 million, £298.41 million) (bank loans, overdrafts and intergroup balances – see note 15) are short-term facilities. These are matched to a significant extent against amounts receivable from other group companies of £145.6 million (2012: £196.00 million) (see note 14) which are on terms similar to the borrowings and stock of £173.64 million (2012: £149.85 million) (see note 13), a large portion of which relates to commodities that are traded on international exchanges and therefore considered to be liquid and easily convertible to cash. While the bank borrowings and facilities are current and uncommitted, the directors are of the opinion that these will remain available to the company for the foreseeable future.

Based on the above factors, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and accounts.

Intangible fixed assets

Software assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives estimated to be approximately three years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset. Office equipment has an estimated useful life of four years and IT equipment has an estimated useful life of three years, all other assets have an estimated useful life of four years.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Notes to the accounts
Year ended 31 March 2013

1. Accounting policies (continued)

Stocks

Stocks except aluminium are stated at the lower of cost and net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

All aluminium stocks are revalued at the quoted price of aluminium at the London Metal Exchange (LME) at the balance sheet date, plus the approximate market premium/discount published by the Metal Bulletin at that date less costs to sell.

This is a departure from the requirement of SSAP 9 '*Stocks and long-term contracts*' and the directors believe that this is necessary to give a true and fair view. Under SSAP 9 stock would normally be valued at the lower of cost and net realisable value. This prescribed treatment would not give a true and fair view as aluminium is a traded commodity in a liquid market so is easily convertible into cash. In addition the company holds futures contracts with the London Metal Exchange against this aluminium stock. These contracts are held at fair value with gains and losses being recognised through the profit and loss account. Under the SSAP 9 prescribed treatment, the corresponding gain or loss on the physical stock held would not be recognised, thus creating a mismatch in the accounts and causing profits to fluctuate significantly from period to period. The impact of this departure is disclosed under note 13 to the financial statements.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Turnover is recognised at the point where delivery of goods is made. For those transactions where the company takes significant risk in terms of stock, pricing or credit, turnover is recognised as principal. Where no significant risk passes to the company and the company acts as either agent or broker then only the commission receivable is recorded as turnover.

Interest income is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other operating income consists mainly of fees charged for non-trading services and are recognised on an accruals basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Foreign exchange

The company's financial statements are presented in pounds sterling which is the currency of the primary economic environment in which it operates and is deemed to be its functional currency.

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates prevailing on the dates of the transactions. Resulting differences on translation are charged or credited to the profit and loss account.

In order to hedge its exposure to certain foreign exchange risks the company enters into forward contracts. See below for details of the company policy on such derivatives and financial instruments.

Notes to the accounts
Year ended 31 March 2013

1. Accounting policies (continued)

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases. For operating leases where the company acts as lessor, rental income is credited to the profit and loss account in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at the amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when it becomes a principal party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate.

1. **Accounting policies (continued)**

Financial instruments (continued)

Investments

Investments are stated at cost less any provision for impairment in all cases where the ultimate holding company holds a majority stake, as the company has no control of the cash flows or the eventual selling price. All other investments, including investments held as current assets, are classified as available-for-sale and are stated at fair value unless this cannot be measured reliably in which case the investment is stated at cost less provisions for impairment. Changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Provisions for impairment are recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded when the proceeds are received net of direct issue costs.

Derivative financial instruments and hedge accounting

The company's activities expose it primarily to the financial risks of changes in price and changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to hedge its foreign exchange exposure and uses futures as traded on the London Metal Exchange to manage against any price risk exposure on its aluminium trading operations. However, the company does not apply hedge accounting under FRS26 (Financial Instruments: recognition and measurement) for these derivatives used to manage price risk on commodities. The company only uses derivative financial instruments for speculative purposes to a limited extent with board approval.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1. Accounting policies (continued)

Financial instruments (continued)

Hedge accounting

The company designates certain hedging instruments, which include derivatives, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 20 sets out the details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of total recognised gains and losses and note 17.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit and loss account as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

The company also hedges the foreign currency exchange risks on certain long-term investments (the 'hedged item') that are denominated in US dollars. Such investments are hedged against loans in the same foreign currency of the same value and similar maturity profile (the 'hedging instrument').

Fair value hedges that meet the hedge accounting criteria are accounted for as follows:

- The gain or loss from re-measuring the hedging instrument at fair value is recognised in the profit or loss account; and
- The carrying amount of the hedged item is adjusted through the profit or loss account for the gain or loss on the hedged item attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Notes to the accounts
Year ended 31 March 2013

2. Turnover

Turnover represents:

- gross sales with respect to transactions in which the company is named as principal;
- commission receivable for transactions in which the company acts as a disclosed settlement agent; and
- brokerage commission receivable.

Turnover comprises:

	2013 £'000	2012 £'000
Principal	468,988	587,131
Agency	4,439	3,476
Brokerage	4,350	7,937
	477,777	598,544

In the opinion of the directors it is seriously prejudicial to the interests of the company to give an analysis of turnover, profit or net assets by geographical area. The directors are also of the opinion that the company's trading business constitutes one class of activity.

3. Information regarding directors and employees

	2013 £'000	2012 £'000
Directors' emoluments:		
Emoluments	2,352	2,170
Company contributions to money purchase pension scheme	-	3
	2,352	2,173

The number of directors who:	No.	No.
Are members of a money purchase pension scheme	-	-

	£'000	£'000
Remuneration of the highest paid director	1,282	992

	No.	No.
Average number of persons employed (including directors)		
Trading and administration	165	164

	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	8,085	7,046
Social security costs	912	912
Pension costs	846	654
Cost in respect of parent company's employees on secondment	7,307	6,331
	17,150	14,943

Notes to the accounts
Year ended 31 March 2013

4. Operating profit

Operating profit is stated after charging the following amounts:

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets	70	123
Amortisation of intangible fixed assets	490	374
Net rentals payable under operating leases - property	1,560	1,660
Fees payable to the company's auditor for the audit of the company's annual accounts	181	176
Fee payable to the company's auditor and their associates for services to the company		
– other services pursuant to legislation	100	98
– services relating to tax	180	194
– Japanese SOX audit	118	115

5. Other operating income net of expenses

	2013 £'000	2012 £'000
Other operating income and expenses		
Service and management fees and other income	14,694	13,978
Net foreign exchange gains/(losses)	781	(226)
Various other operating income and expenses	(202)	(299)
	15,273	13,453

Service and management fees include management and IT recharges to various group companies for services provided.

6. Profit on transfer of the chemical business

In the prior year, the company made a profit of £2,550,000 on the transfer of the chemical business in July 2011. This resulted in a tax charge of £663,000 at a tax rate of 26%.

7. Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from group undertakings	1,509	971
Interest receivable from associates	400	449
Bank and other interest receivable	1,702	629
	3,611	2,049

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Notes to the accounts
Year ended 31 March 2013

8. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest on bank loans and overdrafts	97	81
Interest payable to group undertakings	1,838	1,510
Net interest on pension liabilities less expected return on pension assets	218	36
Other interest payable	-	33
	2,153	1,660

9. Tax charge on profit on ordinary activities

(i) Analysis of tax charge on ordinary activities

	2013 £'000	2012 £'000
United Kingdom corporation tax at 24% (2012: 26%)	2,439	1,678
Adjustment in respect of prior years	339	(221)
Group taxation relief	-	(269)
	2,778	1,188
Deferred tax		
Timing differences origination and reversal	(83)	248
	2,695	1,436

(ii) Factors affecting tax charge for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK at 24% (2012: 26%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	22,767	59,986
Tax at 24% (2012: 26%) thereon:	(5,464)	(15,596)
Effects of:		
Expenses not taxable/income not deductible for tax purposes	(65)	(142)
FRS 17 Pension adjustment	680	323
Reclassify current tax to STRGL in relation to the pension buy-in	(655)	-
Capital allowances in excess of depreciation	(29)	20
Foreign tax suffered	(26)	(33)
United Kingdom dividend income	3,120	13,750
Group relief for prior year	-	269
Prior year adjustments	(339)	221
Current tax charge for the year	(2,778)	(1,188)

9. Tax charge on profit on ordinary activities (continued)

(iii) Factors that may affect the future tax charge

The company has recognised deferred tax assets in respect of accelerated capital allowances, pension deficit under FRS 17 (see note 21) and the cash flow hedges deferred to equity.

Deferred tax

	£'000
Deferred tax liabilities	(13)
Deferred tax assets	1,633
	1,620

Deferred tax is provided as follows:

	At 1 April 2012 £'000	Recognised in income £'000	Recognised in equity £'000	At 31 March 2013 £'000
Accelerated tax depreciation and timing differences	345	76	-	421
Deferred tax in relation to the pension buy-in	-	-	1,212	1,212
Others	-	-	(13)	(13)
	345	76	1,199	1,620

Under UK GAAP, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. The 23% rate has been applied in the calculation of deferred tax.

The Government has announced that it intends to introduce further reductions to the corporation tax rate to 20% by 1 April 2015. These further reductions to the tax rate have not been substantively enacted at the balance sheet date and are therefore not reflected in these financial statements.

10. Intangible assets

	Software £'000	Total £'000
Cost		
At 1 April 2012	2,103	2,103
Additions	149	149
Disposals	(9)	(9)
At 31 March 2013	2,243	2,243
Accumulated amortisation		
At 1 April 2012	1,289	1,289
Charge for the year	490	490
Disposals	(1)	(1)
At 31 March 2013	1,778	1,778
Net book value		
At 31 March 2013	465	465
At 31 March 2012	814	814

Notes to the accounts
Year ended 31 March 2013

11. Tangible fixed assets

	Vehicles £'000	Furniture, fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 April 2012	20	2,048	466	2,534
Additions	-	40	31	71
Disposals	-	(21)	(38)	(59)
At 31 March 2013	20	2,067	459	2,546
Accumulated depreciation				
At 1 April 2012	6	2,024	390	2,420
Charge for the year	5	26	39	70
Disposals	-	(21)	(37)	(58)
At 31 March 2013	11	2,029	392	2,432
Net book value				
At 31 March 2013	9	38	67	114
At 31 March 2012	14	24	76	114

12. Investments

	Shares in subsidiary undertakings £'000	Shares in other group undertakings £'000	Investment in associate £'000	Other investments £'000	Total £'000
Cost					
At 1 April 2012	87,010	3,578	3,469	5,254	99,311
Additions	16,841	1,307	-	-	18,148
Disposals	-	(7)	-	(82)	(89)
Fair value movement	-	-	-	160	160
Foreign currency revaluation	409	-	152	-	561
At 31 March 2013	104,260	4,878	3,621	5,332	118,091
Provision					
At 1 April 2012	-	-	-	633	633
Additions	-	-	-	947	947
Disposals				(2)	(2)
At 31 March 2013	-	-	-	1,578	1,578
Net book value					
At 31 March 2013	104,260	4,878	3,621	3,754	116,513
At 31 March 2012	87,010	3,578	3,469	4,621	98,678

12. Investments (continued)

Shares in subsidiary undertaking

The shares in subsidiary undertakings represents the five Western European subsidiaries of the company located in Germany, Spain, Italy, Netherlands and France. The subsidiaries' principal activities relate to general trading of commodities and the provision of services.

In addition, during the year the company has invested approximately £17 million (US$26 million) for an 80% shareholding in a newly formed company called MC Engine Leasing Limited (MCELL) which will specialise in aircraft engine leasing. To hedge against foreign currency movements, the company has a designated loan of the same amount as a fair value hedge of this investment.

Shareholdings in subsidiaries are as follows:

Company name	Country of incorporation	Shareholding %	£'000
Mitsubishi International G.m.b.H	Germany	100	59,312
Mitsubishi France S.A.	France	100	15,072
Mitsubishi Italia S.p.A	Italy	100	1,468
Mitsubishi Nederland B.V.	Netherlands	100	7,292
Mitsubishi Espana S.A.	Spain	100	3,866
MC Engine Leasing Limited	United Kingdom	80	17,250
Total			**104,260**

In the opinion of the directors, there is no impairment to the carrying value of the subsidiaries.

Shares in other group undertakings

Company name	Country of Incorporation	Shareholding %	£	Class	Principal business activity
Princes Limited	United Kingdom	10	700,000	Ordinary	Trading in canned foods
Triland Metals Limited	United Kingdom	9.09	1,431,764	Ordinary	Metal brokerage
Green Power Development	Netherlands	0.12	87,262		Development of wind power projects
Mitsubishi Corporation LT Europe G.m.B.H.	Germany	21.67	156,282	Ordinary	Logistic services
Diamond UK Transmission Corporation Limited	United Kingdom	10	2,502,299	Ordinary	Offshore wind power transmission
			4,877,607		

During the year the company has further invested £1.3 million in Diamond UK Transmission Corporation Limited (DUTC) which resulted in total investment of £2.5 million. The remaining 90% of the share capital is owned by Mitsubishi Corporation in Japan. DUTC invests in offshore wind power transmission projects.

In the opinion of the directors, the fair value of the shares held in other group companies cannot be reliably measured because these investments do not have an active market. The company holds a minority share in these companies with the majority being held within the wider Mitsubishi group and as a result the company does not have any control over the cash flows or eventual selling price of these investments. The directors are of the opinion that it is not reasonable to assume a willing buyer exists for these investments given the above ownership circumstances. As a result it is not possible to determine fair value or a range of possible estimates within which fair value is expected to lie and as such the directors approximate the fair value to be equal to the carrying value.

12. Investments (continued)

Investment in associates

This represents an investment of £3.6 million (US$5.5million) in an Irish joint venture, Deucalion MC Engine Leasing Ltd (DMCELL), specialising in aircraft engine leasing in which the company has a 40% shareholding. To hedge against foreign currency movements, the company has a designated loan of the same amount as a fair value hedge of this investment.

The company has given a charge over its investment in DMCELL in conjunction with a third party bank facility provided to DMCELL. The total value of this facility is approximately US$15m of which US$9.9m is drawn down at year end.

All the above investments are unlisted.

Other investments

The majority of other investments relate to the £3.6 million (US$5.5 million) investment in the hedge fund management companies – Capula Management Ltd ('CML') and Capula Investment Management LLP ('CIM'). The investment in CML is treated as an available-for-sale investment and it is held at fair value with fair value changes recognised in equity while the investment in the CIM is accounted for in a manner similar to equity accounting.

Also included within other investments is a £1 million investment in Seabased AB, a Swedish company which develops 'sea wave' technology for power generation. A full provision for impairment has been recognised against this investment in 2013 due to delays in the underlying project. The company will continue to monitor and review the investment on quarterly basis.

During the year the company has disposed of its total shareholding in Telehouse International Corporation.

All other investments represent minority shareholdings in a number of companies that the company invested in to augment its trading activities. The directors estimate the carrying amount of these investments to be a reasonable approximation of the fair value.

13. Stocks

	2013 **£'000**	**2012** **£'000**
Finished goods and goods for resale	173,641	149,848

As stated in the accounting policies, certain items of stock are carried at fair value on the balance sheet date. The lower of cost and net realisable value of the total stock at 31 March 2013 would have been £173,641 (2012: £149,848). There is no impact of this on the financial statements as the fair value was equal to the net realisable value which was below cost.

Notes to the accounts
Year ended 31 March 2013

14. Debtors

	2013 £'000	2012 £'000
Amounts due within one year:		
Trade debtors	70,071	58,621
Less: allowance for doubtful receivables	(1,885)	(1,818)
	68,186	56,803
Amounts owed by parent company and fellow subsidiary undertakings	145,645	196,001
Amount owed by associates	4,988	4,139
Loans to third parties	7,543	7,403
Corporation tax receivable	-	2,207
Deferred tax assets (note 9)	1,633	345
VAT receivable	1,756	-
Prepayments and accrued income	1,175	1,049
Derivative assets (note 20)	12,350	9,040
	243,276	276,987
Amounts due after more than one year:		
Amount owed by associates	1,581	2,671
Derivative assets – non current (note 20)	4,490	62
Other receivables	18	18
	6,089	2,751
Total debtors	249,365	279,738

All trade debtors that are due within one year have a maturity of nine months or less and are non-interest bearing and therefore do not expose the company to interest rate risk.

The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at LIBOR plus an appropriate margin for group finance. In the opinion of the directors the carrying amount is a reasonable approximation of fair value. The long-term loan to the associated company carries interest at the company's borrowing rate plus an appropriate margin. The longest term of the loan expires in December 2014.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk also arises from trade receivables due to the fact that trading in most cases requires extending of credit to customers which otherwise may not trade with the company. The company's principal customers, suppliers and financial institutions with which it conducts business are spread across diverse geographical areas.

Notes to the accounts
Year ended 31 March 2013

14. Debtors (continued)

Credit risk management (continued)

The company has stringent policies in place, managed by a specialist risk management team, which govern the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals in line with the company's delegation of authority. The company limits the credit risk by evaluating the potential counterparties before entering into transactions with them and continues to monitor and assess their creditworthiness after transactions have been initiated. Creditworthiness is assessed using information from various sources, an internal credit rating system and qualitative and quantitative data. The system of internal credit rating is based on statistical analysis, with customers being individually rated.

The company attempts to mitigate credit risk by using credit insurance wherever possible and rigorous monitoring of receivables. Depending on the creditworthiness of the counterparty the company may require collateral in the form of guarantees, letters of credit and cash. As at 31 March 2013 the company has credit exposure of £10.8 million (31 March 2012: £5.4 million) covered by parent and third party guarantees in relation to its trade receivables. Credit exposure to any low rated single non-related counterparty or any group of counterparties having similar characteristics is not considered to be significant. The company defines counterparties as having similar characteristics if they are connected entities.

Included in the company's trade receivables balance are debtors with a carrying amount of £0.08 million (31 March 2012: £0.14 million) which are more than 30 days overdue at the reporting date for which the company has not provided since there has not been a significant change in credit quality and the company believes that the amounts are still recoverable.

Below is the table showing the movement in the provision against doubtful receivables which aged from current to over one year. Specific provisions are made against receivables where the prospect of collection is foreseen as unlikely.

Movement in the allowance for doubtful receivables

	2013 £'000	2012 £'000
Balance at the beginning of the year	1,818	1,771
Exchange difference	56	23
Provision charged during the year	369	188
Provision used during the year	(179)	(27)
Provision reversed during the year	(179)	(137)
Balance as at end of the year	1,885	1,818

Notes to the accounts
Year ended 31 March 2013

15. Creditors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Bank loans and overdrafts (unsecured)	8,764	12,551
Trade creditors	37,792	35,117
Amounts owed to parent company and fellow subsidiary undertakings	317,969	285,860
Corporation tax	241	-
Other taxation and social security	364	923
Derivative liabilities (note 20)	1,922	2,121
Accruals and deferred income	6,592	5,415
	373,644	341,987
Amounts falling due after more than one year		
Amount owed to fellow subsidiary undertakings	1,581	2,672
Deferred Income	22	49
Derivative liabilities (note 20)	7	74
Other payable	70	3,370
	1,680	6,165
Total creditors	375,324	348,152

All trade creditors and amounts owed to the parent for trading transactions are due within one year and are non-interest bearing and therefore do not expose the company to interest rate risk. The long-term payable to fellow subsidiary undertakings has a matching long-term receivable from the associate (see note 14). The payable carries interest rate based on interest swap rates + approximately 1%.

	2013 £'000	2012 £'000
Bank loans and overdrafts (Unsecured)		
The borrowings are repayable as follows:		
On demand or within one year	8,764	12,551

Analysis of borrowings by currency

	GBP £'000	EUR £'000	US$ £'000
31 March 2013			
Bank loans	-	38	8,726
31 March 2012			
Bank loans	-	2,880	9,671

In the opinion of the directors the contracted interest rates for borrowings are not materially different from the effective interest rates and accordingly the carrying amount of bank loans and overdrafts and amounts owed to parent company and fellow subsidiary undertakings is a reasonable approximation of fair value. Further information in respect of interest rate risk is presented in note 20 to the financial statements.

Notes to the accounts
Year ended 31 March 2013

16. Called up share capital

	2013 £'000	2012 £'000
Called up, allotted and fully paid:		
120,658,154 (2012: 120,658,154) ordinary shares of £1 each	120,658	120,658

17. Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Hedging reserve £'000	Revaluation reserve £'000	Total £'000
At 1 April 2012	120,658	63,314	1	462	184,435
Aggregated gains on cash flow hedges (note 20)	-	-	53	-	53
Actuarial loss on pension scheme (note 21)	-	(6,513)	-	-	(6,513)
Fair value movement on investment (note 12)	-	-	-	160	160
Profit after tax for the year	-	20,072	-	-	20,072
Dividend paid (note 24)	-	(29,275)	-	-	(29,275)
Deferred tax on items recognised in equity (notes 21 and 9)	-	1,525	(13)	-	1,512
At 31 March 2013	120,658	49,123	41	622	170,444

18. Contingent liabilities

Contingent liabilities at the year end incurred in the ordinary course of business are as follows:

	2013 £'000	2012 £'000
Commitments to honour the repayment of loan obligations	21	56

The Company is, from time to time, party to legal proceedings and claims in respect of product liability and other matters which arise in the ordinary course of business. The directors are aware of only one claim and based on legal advice are of the opinion that the Company has meritorious defence available and is therefore able to defend its position in this matter. While it is not possible to quantify the financial impact or predict with certainty the outcome, the Directors do not anticipate that the claim will have a material adverse effect upon the Company's financial position or results.

As disclosed in note 20, the company acts as agent for other group companies in contracting foreign exchange forward contracts. Please refer to note 20 for further details.

19. Operating lease commitments

At 31 March 2013, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2013	2012
	£'000	£'000
Leases which expire:		
after more than five years	2,521	2,455

20. Derivatives and financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

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

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. It is not the policy of the company to enter into these derivative positions on a speculative basis except to a very limited extent with board approval, and firm rules and procedures are in place to ensure that the company follows these policies and that the company risk position is properly managed.

The company has entered into a number of financial instruments as part of its trading portfolio, which are used as hedging tools to match the risks that the company is exposed to. It is the company policy to use these financial instruments and derivatives to hedge outstanding assets and liabilities or transactions that have not yet been undertaken but to which there is a firm commitment or highly probable forecast transaction.

The company is exposed to certain risks and applies the appropriate hedge to match that risk. Where trading exposes the company to foreign exchange risk, forward exchange contracts are entered into to hedge the risk. If the company is exposed to credit risk it will, where appropriate, take out credit insurance to help manage that risk. Where it trades in commodities physically that are also traded on terminal markets it will use futures contracts to hedge any price exposure that it may have.

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20. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

A summary of the financial instruments of the company, by category, including the estimate of fair value is as follows:

At 31 March 2013

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Trade and other receivables							
Non-derivative assets	227,961	-	-	-	-	227,961	227,961
Derivative assets	-	-	-	53	16,840	16,893	16,893
Available-for-sale investments	-	8,632	-	-	-	8,632	8,632
Cash and cash equivalents	2,537	-	-	-	-	2,537	2,537
Financial liabilities							
Trade and other payables							
Non-derivative liabilities	-	-	(107,900)	-	-	(107,900)	(107,900)
Derivative liabilities	-	-	-	-	(1,929)	(1,929)	(1,929)
Bank overdrafts and other loans							
Current	-	-	(256,832)	-	-	(256,832)	(256,832)
Non current	-	-	(1,581)	-	-	(1,581)	(1,581)

At 31 March 2012

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Trade and other receivables							
Non-derivative assets	267,035	-	-	-	-	267,035	267,035
Derivative assets	-	-	-	1	9,101	9,102	9,102
Available-for-sale investments	-	8,199	-	-	-	8,199	8,199
Cash and cash equivalents	1,511	-	-	-	-	1,511	1,511
Financial liabilities							
Trade and other payables							
Non-derivative liabilities	-	-	(112,121)	-	-	(112,121)	(112,121)
Derivative liabilities	-	-	-	-	(2,195)	(2,195)	(2,195)
Bank overdrafts and other loans							
Current	-	-	(230,241)	-	-	(230,241)	(230,241))
Non current	-	-	(2,672)	-	-	(2,672)	(2,672)

Please refer to note 12 for further disclosure on the fair value on available-for-sale investments. In the opinion of the directors, the carrying values of the financial instruments above approximate to the fair values.

20. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

The fair value of the derivative financial instruments at the balance sheet date was as follows:

	2013 £'000	2012 £'000
Assets:		
Current derivative assets		
- Currency derivatives	1,568	810
- Aluminium commodity contracts	10,782	8,230
	12,350	9,040
Non-current derivative assets		
- Currency derivatives	6	22
- Aluminium commodity contracts	4,484	40
	4,490	62
Liabilities:		
Current derivative liabilities		
- Currency derivatives	10	277
- Aluminium commodity contracts	1,912	1,844
	1,922	2,121
Non-current derivative liabilities		
- Currency derivatives	-	1
- Aluminium commodity contracts	7	73
	7	74

The fair values for currency derivatives were calculated using the closing price published in The Financial Times on the last working day of the month and forward point adjustment from Reuters also on the last working day. The fair values for commodity contracts were calculated using the applicable closing rates on the London Metal Exchange and the market premium published by Metal Bulletin.

Hedge accounting

The hedging transactions the company undertakes that are not recognised through the profit and loss account are cash flow hedges in respect of foreign exchange forward contracts and other financial instruments used to hedge variations in cash flows likely to arise out of changes in foreign currency exchange rates and commodity prices for highly probable forecast future transactions and firm commitments.

In addition, the company also fair value hedge accounts for its investment in associate. The only risk hedged is foreign currency risk as this investment is US dollar denominated and is hedged by equivalent borrowings also denominated in US dollar. The total exchange gain recognised in the profit and loss account on this investment during the year as a result of this fair value hedge was £561,000 (2012: £27,000), offset by a loss of a similar amount on the loan.

Notes to the accounts
Year ended 31 March 2013

20. Derivatives and financial instruments (continued)

Hedge accounting (continued)

Below is a summary of the aggregate gains and losses that are recognised directly in equity:

	2013 £'000	2012 £'000
Aggregated gains on foreign exchange hedges	54	1
Aggregated losses on foreign exchange hedges	-	-
Net gain on foreign exchange hedges	54	1
Gains for the year deferred to equity	54	1
Recycling of amounts from hedging reserve to profit and loss	(1)	-
Net gain/(loss) for the year (note 17)	53	1

As at 31 March 2013, there were three designated and effective cash flow hedges which have been deferred in equity.

The following table details the forward foreign currency contracts outstanding as at the year end designated for cash flow hedges:

Outstanding contracts	Foreign currency		Contract value		Fair value	
	2013	2012	2013	2012	2013	2012
Cash flow hedges Buy US dollars	$'000	$'000	£'000	£'000	£'000	£'000
Less than three months	1,465	578	911	364	54	1
More than three months	-	-	-	-	-	-
	1,465	578	911	364	54	1

Effectiveness testing is carried out on each cash flow hedge on inception and at the reporting dates. Management have assessed the above hedges to be highly effective.

Market risk

The company's activities expose it to the financial risks of changes in commodity price and foreign currency exchange rates. The company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk; and
- futures as traded on the exchanges to hedge against any price risk exposure on its aluminum and sugar trading operations.

The major commodity traded in the current year was aluminium. The company's risk management objective and strategy for undertaking the hedge is to eliminate any commodity price risk within a transaction in line with the company and departmental guidelines and rules concerning the internal risk position.

Market risk exposures are measured using sensitivity analysis, disclosed below. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk over the last financial year.

20. Derivatives and financial instruments (continued)

Commodity price risk exposure

The company utilises derivative contracts to hedge price fluctuation on aluminium. The company buys and sells commodity futures on the commodity exchanges as a means to hedge its price risk exposure. The futures are traded on a back-to-back basis with each physical contract and as a result very few speculative positions are held.

At the balance sheet date, the total notional amount of outstanding future commodity contracts was as follows:

	Aluminium £'000 Long	£'000 Short
31 March 2013	343,602	500,809
31 March 2012	186,481	321,784

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in December 2015.

The ranges that have been used in the fair value of the material commodity derivatives are as follows:

Aluminium: US$1,883 – US$2,107 per metric ton (2012: US$2,094 – US$2,260 per metric ton)

The sensitivity analysis demonstrates the difference and risk that could affect the company's profit due to the market and price risk associated with aluminium trading. The following sensitivity analysis has been carried out on the fair values of the commodity derivatives:

	2013 Impact on profit and loss account	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	2,447	2,106
Total	2,447	2,106

	2012 Impact on profit and loss account	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	3,836	1,410
Total	3,836	1,410

The highest and lowest cases were picked up from the highest and lowest monthly average premium, contango/backwardation and published market price data from the last three years. This is consistent with the data and calculations used by management in their internal risk management process.

20. Derivatives and financial instruments (continued)

Foreign currency risk management

The company's treasury department will undertake cash management to ensure the foreign currency cash balances are maintained as working capital based on the estimate of future needs. When a transaction results in a foreign exchange exposure in any currency then this exposure is hedged by the treasury department. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

A significant portion of the company's earnings are denominated in foreign currencies. Consequently the company has significant risk in the translation of these earnings to its functional currency in sterling. The foreign currency profits before tax by major currency (other than sterling) for the company are:

	2013 £'000	2012 £'000
US Dollar	22,295	15,603
Euro	885	466
Japanese Yen	1,226	4,772

The company manages the foreign currency risk by regularly monitoring the net foreign currency earnings against current exchange rates to sterling. Additionally any changes to budgeted earnings figures are also taken into account. Where required, hedging action is undertaken and a report on the outstanding positions and valuations is presented to the management at each month end.

Monetary assets and liabilities by major foreign currency at the balance sheet date:

	Monetary liabilities		Monetary assets	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
US Dollar	283,052	270,776	179,118	189,995
Euro	13,955	12,682	31,145	56,650
Japanese Yen	646	1,094	2,139	3,249

(i) Foreign currency sensitivity analysis

The following table shows the company's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies. The sensitivity analysis demonstrates the impact to the company profit and loss as the result of the change in foreign currency exchange rate based on the earnings and the value of foreign currency monetary assets and liabilities shown above.

Sensitivity analysis profit/(loss) impact:

	10% weakening in £ against other currency		10% weakening in £ against other currency	
	2013 £'000 On net monetary items	2013 £'000 On earnings	2012 £'000 On net monetary items	2012 £'000 On earnings
US Dollar	(11,548)	2,477	(8,976)	1,734
Euro	1,719	98	4,397	52
Japanese Yen	166	136	239	530
Total impact (loss)/profit	(9,663)	2,711	(4,340)	2,316

For a 10% strengthening of Sterling against the relevant currency, there would be an almost equal and opposite impact on the earnings and on the monetary items in the balance sheet.

Notes to the accounts
Year ended 31 March 2013

20. Derivatives and financial instruments (continued)

Foreign currency risk management (continued)

(ii) Currency risk exposure

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposure. The instruments purchased are primarily denominated in the currencies of the commodity or the market place that the physical transaction takes place in.

At the balance sheet date, total notional amount of outstanding forward foreign exchange contracts that the company has committed to are as below.

	GBP £'000	USD £'000	EUR £'000
31 March 2013	149,947	84,667	23,180
31 March 2012	154,629	83,628	22,783

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments. The vast majority are due to mature within one to six months of the balance sheet date. A very small number extend beyond then, the latest one maturing in October 2015.

At 31 March 2013 the fair value of the company's currency derivatives is estimated to be a net asset of £1,564,000 (2012: net asset of £554,000). These contracts are valued using pricing techniques involving assumptions based on observable market data to determine the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional currency amount. This comprises £1,564,000 (2012: £554,000) relating to booked transactions, being accounts receivable and short-term borrowing and this year the amount of effective cash flow hedges which have been deferred in equity was £54,000 (2012: £1,000) as discussed above under hedge accounting.

Listed below are the exchange rate ranges used in calculating the fair value as at 31 March 2013 for the key currencies held as derivatives.

US Dollars – Euro	1.2841 – 1.2973	(2012: 1.3289 – 1.3339)
US Dollars – Sterling	1.5185 – 1.5176	(2012: 1.5843 – 1.5851)
Sterling – Euro	0.8456	(2012: 0.8384 – 0.8387)

The company also acts as agent for its fellow subsidiaries and parent company in contracting foreign exchange forward contracts. These foreign exchange contracts are not included on the company's balance sheet on the basis that the company is only acting as agent and does not carry any risk or reward in such instruments other than the fixed agency commission that is recognised as income as earned. The fair value of such contracts as at 31 March 2013 was a gain of £74,301,770 (2012: gain of £40,878,240).

Interest rate risk management

The company is exposed to interest rate risk given its underlying financing requirements. There are two aspects of interest rate risk:

1. risk arising from possible mismatch of fixed interest rate bearing assets and liabilities; and
2. risk arising from possible mismatch of floating interest versus fixed rate assets and liabilities.

The company's treasury policy sets out operational guidelines with respect to interest rate risk management. Interest rate gaps are monitored on a regular basis and hedging action is undertaken if the gaps conflict with the company's interest rate view and is material. Longer-term material assets over one year are normally systematically hedged either by matched funding or interest rate swaps.

Notes to the accounts
Year ended 31 March 2013

20. Derivatives and financial instruments (continued)

Interest rate risk management (continued)

(i) Interest rate swaps

From time to time the company uses interest rate swaps to manage its exposure to interest rate movements on its borrowings. As at 31 March 2013 the company has no outstanding interest rate swaps contracts (2012: £nil).

(ii) Interest rate risk

Interest rate risk is split into two different types of risks – cash flow interest rate risk and fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the company has variable rate bank deposits and debt, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. Most of the financial assets and liabilities carry interest at variable rates and as a result management is of the opinion that fair value interest rate risk is not significant.

The only significant interest bearing receivables or payables that the company has, are loans. In order to manage cash flow interest rate risk and fair value cash flow risk the company has a policy to ensure that where fixed or floating rate loans are made the funding for them is secured on the same basis.

The table below summarises the contractual maturity dates of the company's financial instruments, from the year end, which are exposed to cash flow interest rate risk.

As at 31 March 2013	**Less than one year**	**Between one and two years**	**Between two and five years**	**More than five years**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Assets:						
Cash at bank and in hand	2,537	-	-	-	-	2,537
Loans to third parties	7,543	-	-	-	-	7,543
Amounts owed by parent company and fellow subsidiary undertakings	47,917	-	-	-	97,728	145,645
Amount owed by associates	4,899	1,581	-	-	89	6,569
Liabilities:						
Bank loans and overdrafts	8,764	-	-	-	-	8,764
Amounts owed to parent company and fellow subsidiary undertakings	248,068	1,581	-	-	69,901	319,550

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Year ended 31 March 2013

20. Derivatives and financial instruments (continued)

Interest rate risk management (continued)

(ii) Interest rate risk (continued)

As at 31 March 2012	Less than one year	Between one and two years	Between two and five years	More than five years	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets:						
Cash at bank and in hand	1,511	-	-	-	-	1,511
Loans to third parties	7,403	-	-	-	-	7,403
Amounts owed by parent company and fellow subsidiary undertakings	87,821	-	-	-	108,180	196,001
Amount owed by associates	4,040	-	2,671	-	99	6,810
Liabilities:						
Bank loans and overdrafts	12,551	-	-	-	-	12,551
Amounts owed to parent company and fellow subsidiary					-	
undertakings	217,690	-	2,672	-	68,170	288,532

Contracted interest rates on cash at bank and deposit placed range from nil% to 0.25%.

Contracted interest rates on loans to third parties and amounts owed by parent company and fellow subsidiary undertakings range from Libor +0.40% to Libor + 0.50%.

Contracted interest rates on bank loans and amounts owed to parent company and fellow subsidiary undertakings range from Libor -0.125% to Libor +1.00%.

The directors are of the opinion that the above contracted interest rates are a fair approximation of the effective interest rates as at 31 March 2013.

20. Derivatives and financial instruments (continued)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2013			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	16,840	-	16,840
Available-for-sale financial assets				
Unquoted equities	-	-	8,632	8,632
Total	-	16,840	8,632	25,472
Financial liabilities at FVTPL				
Derivative financial liabilities	-	1,929	-	1,929
Total	-	1,929	-	1,929

	2012			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	9,102	-	9,102
Available-for-sale financial assets				
Unquoted equities	-	-	8,199	8,199
Total	-	9,102	8,199	17,301
Financial liabilities at FVTPL				
Derivative financial liabilities	-	2,195	-	2,195
Total	-	2,195	-	2,195

20. Derivatives and financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale Unquoted equities 2013 £'000	2012 £'000
Opening balance	8,199	6,988
Total gains or losses:		
- impairment loss in profit and loss	(947)	-
- fair value movement in statement of total recognised gains and losses	160	(13)
- purchases less disposals	1,220	1,224
Closing balance	8,632	8,199

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases. All gains and losses included in the statement of total recognised gains and losses relate to unquoted equities held at the balance sheet date and are reported as fair value movement in investment (note 12).

Liquidity risk management

The financing requirements of the company are predominantly short-term in nature and therefore liquidity management is one of the key risks that the company faces. The company manages its financing requirement and hence its liquidity risk with the aid of a cash-flow forecast that is continuously updated to reflect the actual requirement in each currency. Where appropriate the company seeks to match the duration of liabilities to the underlying assets so as to minimise liquidity risk.

The company meets its financing requirements mainly through a combination of inter-group loans and reserves. The company also has access to uncommitted facilities from a range of banks.

Notes to the accounts
Year ended 31 March 2013

20. Derivatives and financial instruments (continued)

Liquidity risk management (continued)

An analysis of the liquidity profile of the company's financial liabilities is as follows:

2013	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(8,764)	-	-	(8,764)
Other loans	(248,068)	(1,581)	-	(249,649)
Related interest	(202)	(6)	-	(208)
Trade and other payables	(107,808)	(92)	-	(107,900)
Derivative liabilities	(1,922)	(7)	-	(1,929)
Total	(366,764)	(1,686)	-	(368,450)

2012	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(12,551)	-	-	(12,551)
Other loans	(217,690)	-	(2,672)	(220,362)
Related interest	(350)	-	(15)	(365)
Trade and other payables	(108,702)	(3,300)	(119)	(112,121)
Derivative liabilities	(2,121)	(74)	-	(2,195)
Total	(341,414)	(3,374)	(2,806)	(347,594)

21. Pension scheme

Defined benefit scheme

The Mitsubishi Corporation Retirement Benefits Scheme ("the defined benefit scheme") is a funded defined benefit pension scheme operated for the benefit of the employees of Mitsubishi Corporation International (Europe) Plc.

The charge for the year in the profit and loss account represents the current service cost, interest cost and expected return on assets as measured through the actuarial valuation for the year.

An actuarial valuation is performed every three years, the latest as at 1 April 2012. This revealed a funding deficit versus the actuarial provisions for the Scheme's liabilities of £5,565,000. Following this the Trustees of the Scheme reviewed their investment policy in consultation with the company. It was decided to reduce risks in the scheme by purchasing bulk annuities and deferred annuities to cover pensions in payment and deferred pensions. This was funded by a combination of the sale of other scheme investments and a single company contribution of £8.0 million in December 2012. The contribution was part of a Recovery Plan dated 3 December 2012 that was designed to both eliminate the funding deficit revealed in the April 2012 valuation and to substantially cover the additional cost experienced by the Scheme in purchasing annuities.

The "Standard Contribution Rate" increased from 25.8% of basic salaries to 47.8% from 1 April 2012.

A new actuarial valuation will be performed as at 1 April 2015.

The pension charge for the period in respect of employees was £659,224 (2012: 1,496,156).

An interim valuation for this reporting period (for accounting purposes) was carried out by a qualified actuary. The major assumptions used for this valuation were:

			2013	2012
Discount rate (pre and post retirement)			4.50%	4.85%
Rate of increase in salaries			4.60%	4.50%
RPI price inflation			3.60%	3.50%
CPI price inflation			2.40%	2.30%
Rate of increase for pensions in payment (LPI minimum 3% pa where CPI is used from April 2011)			3.35%	3.35%
Rate of increase for pensions in deferment			2.40%	2.30%
Expected Return on scheme assets			4.00%	2.97%
Life expectancy at age 60:				
Current pensioners	-	Men	27.8	28.0
	-	Women	30.6	29.4
Future pensioners now aged 40	-	Men	29.4	29.2
	-	Women	32.2	30.5

Notes to the accounts
Year ended 31 March 2013

21. Pension scheme (continued)

Defined benefit scheme (continued)

Based on the above assumptions the surplus/(deficit) in the scheme at each assessment date was:

	2013 £'000	2012 £'000
Fair value of scheme assets	14,382	47,166
Value of Insured annuities	31,399	326
Total Value of scheme assets	45,781	47,492
Present value of funded obligations (including insured annuities)	(41,713)	(35,929)
Surplus in the scheme	4,068	11,563
FRS 17 limit on surplus recognition	-	(9,084)
Pension asset recognised	4,068	2,479
Related deferred tax liability	(935)	(595)
Net pension asset	3,133	1,884

The fair value of the scheme's invested assets at the beginning and at the end of the period are set out below along with the expected rate of return for each class at each assessment date:

	Value at 31 March 2013 £'000	Expected return % p.a.	Value at 31 March 2012 £'000	Expected return % p.a.
Bonds	14,293	2.93	43,024	3.15
Cash	89	0.50	4,142	0.95
Insurance annuity	31,399	4.50	326	4.85
Total	45,781	4.00	47,492	2.97

Total expense recognised in profit and loss

	2013 £'000	2012 £'000
Current service cost	354	234
Interest on pension scheme liabilities	1,737	1,664
Expected return on pension scheme assets	(1,519)	(1,628)
Total expense	572	270

Notes to the accounts
Year ended 31 March 2013

21. Pension scheme (continued)

Defined benefit scheme (continued)

Annual return on scheme assets:

	2013 £'000	2012 £'000
Actual return on scheme assets	(9,375)	7,115

Changes in the present value of the defined benefit obligation are as follows:

	2013 £'000	2012 £'000
Opening defined benefit obligation	35,929	30,775
Current service cost	354	234
Employee contributions	82	81
Interest cost	1,737	1,664
Actuarial losses	4,703	4,298
Benefits paid	(1,092)	(1,123)
Closing defined benefit obligation	41,713	35,929

Changes in the fair value of scheme assets are as follows:

	2013 £'000	2012 £'000
Opening fair value of Scheme assets	47,492	39,908
Expected return	1,519	1,628
Sponsor contributions	8,674	1,511
Employee contribution	82	81
Actuarial (losses)/gains	(10,894)	5,487
Benefits paid	(1,092)	(1,123)
Closing fair value of scheme assets	45,781	47,492

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Notes to the accounts
Year ended 31 March 2013

21. Pension scheme (continued)

Defined benefit scheme (continued)

Analysis of recognised loss in statement of total recognised gains and losses (STRGL):

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	(10,894)	5,487
Experience gains and losses arising on the scheme liabilities	(1,027)	(123)
Changes in assumptions underlying the present value of the scheme liabilities	(3,676)	(4,175)
Effect of FRS 17 limit on surplus recognition	9,084	(1,664)
	(6,513)	(475)
Current tax on the pension buy-in	655	-
Deferred tax	870	114
Actuarial loss recognised in STRGL	(4,988)	(361)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is a loss of £8,613,700 (2012: loss of £3,626,000).

The company's best estimate of the contributions to be paid in respect of the scheme during the financial year ending 31 March 2014 is £705,000.

History of experience gains and losses

Details of experience gains and losses for the year to:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Experience gains and losses on scheme liabilities:					
Amount (£'000)	(1,027)	(123)	391	(1,075)	(162)
Percentage of the present value of the scheme liabilities	(2.5%)	(0.3%)	1.3%	(3.5%)	(0.7%)
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	(10,894)	5,487	449	1,466	(560)
Percentage of scheme assets	(23.8%)	11.6%	1.1%	4.2%	(1.8%)
Total amount recognised in statement of total recognised gains or losses:					
Amount (£'000)	(6,513)	(475)	(4,209)	(2,078)	(239)
Percentage of the present value of the scheme liabilities	(15.6%)	(1.3%)	(13.7%)	(6.7%)	(1.0%)

The company also operates a defined contribution scheme which began on 1 April 2003. The charge for the year (being the contributions made by the company) was £491,881 (2012: £423,310). No amounts were accrued or prepaid as at 31 March 2013.

22. Immediate and ultimate parent company

In the opinion of the directors, the company's ultimate parent company and controlling entity is Mitsubishi Corporation, a company incorporated in Japan. This is the smallest and largest group in which the company is consolidated. The immediate parent company is MC Europe Holdings NV.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, Department PC-B, 3-1 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan and are also available on Mitsubishi Corporation's website (www.mitsubishicorp.com). The immediate parent company does not prepare group financial statements.

23. Related party transactions

At 31 March 2013 £4,899,000 and £1,581,000 were owed by Deucalion MC Engine Leasing Ltd (DMCELL), the company's associated company (note 12) as short-term and long-term receivables (note 14). The company has recognised interest income of £400,000 (note 7).

During the year the company has acquired an 80% subsidiary called MC Engine Leasing Limited. The company has recognised £640,000 of interest income as guarantee of a loan. At 31 March 2013 the guarantee loan balance was £76 million.

The company has taken advantage of the exemption from other related party disclosures available in Financial Reporting Standard No.8 - Related Party Disclosures, for transactions with other wholly owned group companies.

24. Equity dividends

Amounts recognised as distributions to equity holders in the year:

	2013 £'000	2012 £'000
Interim dividend for year ended 31 March 2013 of £29.3m (2012: £7.17m)	29,275	7,168
Final dividend for year ended 31 March 2013 of nil (2012: £7.17m)	-	7,168
	29,275	14,336