Company Registration No. 02214224

Mitsubishi Corporation International (Europe) Plc

Annual Report and Financial Statements

For the year ended 31 March 2023

Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2023

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Directors

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A Yoshimi
S Hayashi
K Tomita

Secretary

Y Wen

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WC1V 6BA

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Auditor

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Mitsubishi Corporation International (Europe) Plc

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2023 in accordance with section 414C of the Companies Act 2006.

The principal activities of Mitsubishi Corporation International (Europe) Plc ("the company") are those of trading in a broad range of commodities, industrial and consumer products, and the provision of services including financing.

Review of the business and key performance indicators

The company's key performance indicators include revenue and profit after tax.

Revenue for the year ended 31 March 2023 amounted to £1,227 million (2022: £1,150 million) and the gross profit percentage was 0.48% (2022: 2.04%). The increase in revenue was mainly driven by new aluminium business started at the beginning of the year. The decrease in gross margin was due to a decline in aluminium premium of 45% during the year which resulted in a loss on premium evaluation. The decrease in gross margin was partly compensated by foreign exchange gains within other operating income due to the strengthening of US Dollar against Euro and British Pounds. Profit after taxation for the year ended 31 March 2023 amounted to £1.6 million (2022: £27.4 million), including dividend income of £1.7 million (2022: £26.0 million) from the company's European subsidiaries. The company recognised an impairment loss of £1.0 million following receipt of a dividend from Mitsubishi France S.A.S of £1.2 million during the year (2022: £9.1 million impairment loss following receipt of a dividend from Mitsubishi France S.A.S of £23.9 million) based on the net asset value after the dividend distribution and any future liabilities that might arise. Please refer to note 12 for further details. Profit after tax decreased partly due to lower gross profit, reduced dividend income and higher interest expenses net of interest income. Interest expenses increased by £9.0 million to become net interest expense of £9.05 million (2022: net interest expenses £0.04 million) mainly due to an increase in the intercompany interest rate from a group financing company, Mitsubishi Corporation Finance Plc, and higher funding requirement for the new aluminium business. Administration expenses decreased by £4.8 million to £17.8 million (2022: £22.6 million) due to reorganisation of several divisions and departments at the beginning of the year through transfer of the Energy and Machinery divisions and several Corporate departments to Mitsubishi Corporation's London Branch. The company also closed the Living Essentials Division on 31 March 2022.

Other operating income comprises service and management fee income, net foreign exchange gains and other income. Other operating income for the current year amounted to £24.3 million (2022: £15.4 million). The increase of £8.9 million from prior year was mainly due to increase in net foreign exchange gains of £11.2 million from prior year £6.3 million to £17.5 million, partially offset by decrease in service and management fee income by £2.6 million from £8.1 million to £5.4 million as a result of the reorganisation as mentioned above.

The inventory holding level, all of which is aluminium, has decreased by approximately £63 million to £259 million as at 31 March 2023 from the prior year (2022: increase by £133 million to £321 million). The decrease is mainly due to a decline in aluminium commodity prices. The proportion of current liabilities to current assets is 64%, which is lower than the previous year (2022: 76%).

Taking into account the volatility in financial and commodities markets during the financial year the company has performed reasonably well during the year ended 31 March 2023. The company was affected by unfavorable market conditions for aluminium such as decline in aluminium premium and higher trading costs as a result of an increase in interest rates during the year. The directors expect that the company will continue to perform satisfactorily under the current economic and market conditions. The directors remain committed to further strengthening internal controls and compliance to manage the risks to which the company is exposed.

Principal risks and uncertainties and financial risk management objectives and policies

Due to 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 risk areas relate to geopolitical and other macro environmental risks, credit risk, foreign exchange currency risk, interest rate risk, price risk and liquidity risk. These are discussed below and in more detail in notes 14 and 17 to the financial statements.

Geopolitical and other macro environmental risks

The invasion of Ukraine by Russia in February 2022 caused significant volatility in financial, energy and commodities markets including commodities that the company trades in. In addition the US, UK and EU imposed

Geopolitical and other macro environmental risks (continued)

sanctions on certain Russian entities and individuals, which together with the conflict, may impact commodities markets. Senior management monitored these developments and evaluated the impact on the company. The company has no linkage with sanctioned entities or individuals and has no significant operations or trading relationships with entities in Russia, Belarus or Ukraine. Russia is a major producer of aluminium and electricity used in the production of aluminium. The company sources aluminium from outside of Europe so is not directly affected by disruption to Russian suppliers. The conflict initially caused a significant increase in the aluminium market price and an increase in the aluminium premium due to the risks of supply disruption, increased electricity costs and sanctions on Russian producers. The impact to the company of the increase in the aluminium price and premium during March 2022 to a historical high price was largely mitigated by actions taken by the company to reduce the company's aluminium premium position by entering into premium swap transactions in addition to the company's normal aluminium hedge transactions. In the current year, the reduction in the aluminium market price and aluminium premium as aluminium supply and costs of production returned to normal together with higher interest rates as central banks sought to manage increased inflation had an unfavorable impact on the company's performance.

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.

Further details of commodity price risks are discussed in note 17 Derivative and financial instruments.

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 a variety of 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. During the year Sterling, US dollar and Euro interest rates have increased significantly from their historic low rates at the beginning of the year as central banks sought to control high inflation. The increase in interest rates had an impact on the company's net interest expenses which were £9.1 million, net of interest income, in the year (2022: £0.04 million net interest income, net of interest expenses).

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 related parties, 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.

Further details of interest expenses are discussed in note 8 Interest expense.

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 significant foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre-approved limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

Section 172 statement and stakeholder engagement

The board of directors (the "Board") are fully aware of their duty under Section 172 of the Companies Act 2006 to act in good faith to promote the success of the company for the benefit of its shareholder but having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with clients, investors, regulators and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The company is a subsidiary of Mitsubishi Corporation ("MC"), the immediate and ultimate parent company. Ownership is detailed in note 19.

The company's strategy is aligned to regional and corporate strategies of MC and the day-to-day execution is monitored and tracked by the Board, Executive Committee and senior management team. The Board believes governance of the company is best achieved by delegation of its authority to the Executive Committee, subject to defined limits and monitoring by the Board.

The company comprises a number of business divisions and corporate departments, all of which have extensive engagement with their own unique stakeholders as well as other businesses within the Mitsubishi Corporation Group. In April 2022 the company has reorganised several divisions and departments. The company transferred the Energy and Machinery divisions and several Corporate departments to Mitsubishi Corporation's London Branch. The company has also closed the Living Essentials Division on 31 March 2022.

The governance framework delegates authority for local decision-making at business division and department level (up to defined levels of cost). This allows the individual divisions and departments to enter into open and transparent dialogue with key stakeholders to develop a clear understanding of their needs which are taken into account in our decision-making. As part of that decision making process, the individual business divisions and corporate departments together with the Executive Committee are able to consider the potential impact of decisions on relevant stakeholders with the Executive Committee taking into consideration a longer-term view and holding themselves to the highest standards of conduct in line with the company's Corporate Code of Conduct.

Reports are regularly made by the Executive Committee to the Board about strategy, performance and key decisions taken, which provides the Board with assurance that proper consideration is given to stakeholder interests in decision making by the Executive Committee and allows the Board to develop a clear understanding of stakeholder needs, assess their perspectives and monitor their impact on the company's strategic ambition and culture.

During the year the Board has considered its duties under section 172 and how it fulfils its obligations thereof in respect to the following key stakeholder groups:

Strategic report (continued)

Shareholder

As a wholly owned subsidiary of Mitsubishi Corporation, we rely on the support of our shareholder and its opinions are important to us. We have an open dialogue with our shareholder through one-to-one meetings and group meetings which routinely involve our Seconded Directors, and the interests of our shareholder are regularly heard in the boardroom. Discussions with our shareholder cover a wide range of topics including financial performance, strategy, vision, governance and ethical practices.

We work directly with our shareholder and fellow Mitsubishi Corporation group companies to maximise opportunities presented by them. Following the implementation by Mitsubishi Corporation of an internal reorganisation of business groups in order to enhance business creation capabilities the directors made changes to the structure and composition of the company's business divisions.

Employees

Our people are our most important asset and are essential for the success of the company. By managing talent, strengthening employee engagement and enabling employees to build their skills and capabilities, the company promotes a high performance culture. The company is committed to providing a working environment in which all employees are treated fairly. The company focuses on respect, the highest standards of professional behaviour and rejects all forms of discrimination. The company promotes effective employee communications and undertakes employee surveys to get feedback on matters of importance to employees. The company has engaged with employees during the year with the following initiatives.

- The results of the Company hybrid working trial demonstrated that hybrid working is popular with employees for their home and work life balance. The Company therefore adopted hybrid working as part of business operations in June 2022 and we continue to review the effectiveness of this operating model.
- In light of hybrid working and reduced attendance at office premises, the Company has undertaken a range of initiatives to maintain connectedness amongst our workforce. During the past year employees have been invited to informal gatherings hosted by Senior Management, to include coffee mornings with MD, and networking lunches. Our Sports and Social club has been relaunched following a period of inactivity during the Covid-19 pandemic and is run by volunteer employees. Members organise a wide range of events and activities to support internal networking, maintaining in-person interactions with colleagues and developing work partnerships. Remaining connected to one another whilst working within a dispersed operating model is important to the Company for enhanced communication and collaborative working.
- The Company has continued regular "All Employee update" meetings to share business updates and communicate business strategy, financial results and business changes with employees. These meetings include updates from the Managing Director and Senior Management members and have taken place in person in the office and electronically via Microsoft teams to optimise attendance amongst our dispersed workforce.
- In November 2022 the Company implemented an "All Employee Awareness Survey" to assess employee satisfaction levels on employee engagement and employee enablement. The results of the survey will be shared with employees and used by the Company to identify potential areas for improvement in the Employee Experience.
- Training & Development – the Company conducts individual annual performance reviews with employees and these reviews include discussion of training and development needs, and career aspirations. The Company Training & Development policy encourages employees to take an active role in their professional development and company support to encourage this includes paid study leave, company funding for professional qualifications and attendance at networking/professional events.
- The company provides access to a wide range of employee communications via the cloud based Company intranet and this can be viewed by employees in the office or remotely via PCs or mobile devices for ease of access. Electronic Information resources include corporate information, company policies and employee social updates.

Suppliers, Customers and Business Contacts

The company is a subsidiary of Mitsubishi Corporation, a general trading company headquartered in Japan. Trading companies operate by facilitating trade between suppliers and customers, utilising their worldwide network of

Suppliers, Customers and Business Contacts (continued)

subsidiaries. The company trades in a variety of commodities and recognises the importance of building strong relationships with its suppliers, customers and business contacts to develop mutually beneficial and lasting partnerships. The Board, through the Executive Committee, ensures it has visibility over these key relationships and takes these into account when making decisions.

The company is committed to maintaining high standards of business conduct and it strives to ensure that its business activities do not cause or contribute to adverse human rights impacts, including modern slavery. It continues to share these commitments with key third-party partners to ensure that the goods and services it benefits from do not cause or contribute to modern slavery and during the past year, the Board updated its Modern Slavery Statement which sets out the steps the company has taken to mitigate the risks of modern slavery in our operations and supply chains. These on-going measures include staff training on human rights through briefings for senior management, training sessions for newly appointed expatriate employees and e-learning for all employees based in the UK. The company has also been engaging with external human rights experts to gain greater insight into salient human rights issue and to strengthen the capacity of the company to mitigate human rights risks. Further details are contained in the Modern Slavery Statement on the company's website. The company promotes a responsible payment culture and publishes its payment practices report in due time.

Community and the environment

The company is aligned to MC's Three Corporate Principles – Corporate Responsibility to Society; Integrity and Fairness; and Global Understanding through Business. These principles are at the heart of the company and they have served as MC's core philosophy since its inception. Building upon the foundation of these three principles, "Standards of Conduct" establish the group's expectations with regard to how business should be conducted, together with the "Code of Conduct" which provides guidance to all officers and employees within the group to comply with all applicable laws, rules and regulations, international standards, and to act in a socially responsible manner by complying with the highest ethical standards in the conduct of their business.

MC recognises that an enterprise with global reach cannot continue to exist without consideration for its environmental and social performance. Therefore, MC strives to preserve the global environment and pursues sustainable development through all aspects of its business activities, by maintaining communication with various stakeholders, and taking the initiative in creating a sustainable society.

Tax authorities and Regulators

The company aims to establish and maintain transparent, collaborative and professional relationships with tax authorities and regulators. The company expects the highest standards of integrity from our officers and employees and seeks to comply with relevant tax legislation and regulations in the countries we operate. Further details are contained in the Tax Strategy for Mitsubishi Corporation Group's UK Companies on the company's website.

The company has a number of policies in place which are under regular review and consideration and are approved by the Board. These include legal and compliance-related policies on: Anti-Money Laundering, Cartel Prevention, Improper Payments, Legal Risk Management, Data Protection and Hotline Rules. In addition to publishing these policies for employees, the company holds annual e-learning sessions for the code of conduct and seminars where required for staff which include training on the policies.

The company is also accredited as an Authorised Economic Operator (AEO), an internationally recognised quality mark that states our role in the international customs supply chain is compliant and secure. The accreditation verifies that the company's internal customs controls and procedures are efficient and compliant to the authorities recommended standards. Other benefits include access to simplified customs procedures and financial guarantee allowances. The company has a customs and supply chain policy and customs handbook that cover the required controls that meet AEO standards, in addition provides ad-hoc training to the relevant administrators that handle customs related functions.

Streamlined energy and Carbon Report (SECR)

Organisational Structure

Mitsubishi Corporation International (Europe) Plc is classified as a large unquoted company due to its turnover and balance sheet total.

Reporting Period

The company is reporting for the fiscal year ended 31 March 2023.

Measurement Methodology

The energy and carbon footprint covers Scope 1, 2 and 3 emissions from 01 April 2022 – 31 March 2023 for the reporting year.

The footprint is calculated in accordance with Greenhouse Gas (GHG) Protocol. Outputs are in KWh and CO2e using the most up to date conversion factors from the UK Government GHG Conversion Factors for Company Reporting.

Energy Efficiency Action

The Company continued with the hybrid working arrangement that was trialled during the prior year. Employees are able to work partially from home and partially at the company office. Hybrid working was implemented as a part of business operations from June 2022. The Company will continue to review the effectiveness of this arrangement. No energy saving projects were undertaken during the year. Consumption was relatively low considering the increase in occupancy of the Company office.

Energy Performance Results

Energy Use (kWh)	**2023**	**2022**
Company Vehicle Transport Energy	24,842	4,956
Transport Energy Company Purchased Fuel	-	-
Electricity	1,046,318	585,888
Total	**1,071,160**	**590,844**

Carbon Performance Results

Carbon Dioxide Equivalent Emissions (t CO_2e)	**2023**	**2022**
Scope 1 emissions from the combustion of fuel for transport purposes	5.74	1.16
Scope 2 emissions from purchased electricity	202.34	124.40
Scope 3 emissions from business travel in rental or employee-owned vehicles	-	-
Total	**208.08**	**125.56**

Energy Performance Results (continued)

Intensity Ratio

Reporting Boundary kg CO_2e/m^2	2023	2022
	54.57	32.93

Future developments

As mentioned in the business review, the aluminium business has performed reasonably well given the geopolitical, economic and market conditions. The ongoing conflict in Ukraine caused a decrease in the commodity price and its premium during the year. Although these effects have moderated to some extent there remains a risk of market disruption and volatility for aluminium prices and premium levels for the foreseeable future. The impact to the company is mitigated where possible by hedging transactions. Therefore, the directors do not expect a significant impact and are confident in maintaining the company's performance.

The company has a close relationship with its parent company and follows the group's strategic plan whenever possible. The company will continue to take up new challenges and adapt to changes which best suit the group's development plan. It is considered that the company is in a good position to deal with these challenges. 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.

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

A Takada
Managing Director

30 August 2023

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2023.

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:

A Takada
C Tanno (resigned 31 March 2023)
A Yoshimi (appointed 1 April 2023)
S Hayashi
K Tomita

There are no qualifying indemnities in place in respect of the Directors.

Dividends

The directors have recommended and paid a dividend of £27.3 million during the year (2022: £18.5 million). No further dividends have been proposed or declared post year end.

Financial risk management objectives and policies and future prospects

Details of the company's financial risk management objectives and policies and future prospects can be found within the principal risks and uncertainties and financial risk management objectives and policies section of the Strategic Report and form part of this report by cross-reference.

Section 172 (1) Companies Act 2006 Statement

The Section 172 (1) Companies Act 2006 Statement is discussed in the strategic report under the heading "Section 172 statement and stakeholder engagement".

Streamlined Energy and Carbon Report (SECR)

The Streamlined Energy and Carbon Report (SECR) is discussed in the strategic report under the heading "Streamlined Energy and Carbon Report (SECR)".

Future developments

Future developments are discussed in the strategic report under the heading "Future developments".

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. The company's principal source of financing is from a group finance company, Mitsubishi Corporation Finance Plc. The company's policy is to prioritise the use of group finance facilities though there are facilities with external banks. Management has obtained assurance from Mitsubishi Corporation Finance Plc that the group financing company will continue to support the company for at least twelve months subsequent to the approval of the financial statements. 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 annual report and financial statements.

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

Mitsubishi Corporation International (Europe) Plc

Directors' report (Continued)

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

A Takada
Managing Director

30 August 2023

Mitsubishi Corporation International (Europe) Plc

Directors’ responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 “Reduced Disclosure Framework”. 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 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Mitsubishi Corporation International (Europe) Plc (the ‘company’):

- give a true and fair view of the state of the company’s affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

We discussed among the audit engagement team including relevant internal specialists such as financial instruments and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Presumed revenue significant risk – revenue recognition cut-off. We presume a risk of material misstatement due to fraud related to revenue recognition and have therefore identified a significant audit risk around the cut-off of revenue. As the company enters into significant transactions throughout the year, including around period ends, there is a risk is that revenue transactions are not recorded in the correct period. Such errors would impact revenue, inventory and trade debtors. We have performed testing of the design and implementation, and operating effectiveness of the controls relevant to the revenue process. We have also performed substantive testing procedures to address the revenue cut-off assertion as at the financial year end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

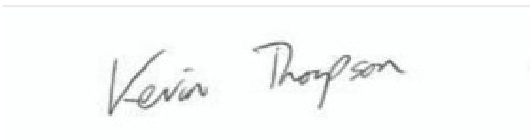
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

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

Use of our report

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



Kevin Thompson (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30 August 2023

Mitsubishi Corporation International (Europe) Plc

Income statement and Statement of Comprehensive income
For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Revenue	1, 2	1,226,929	1,150,388
Cost of sales		(1,221,042)	(1,126,934)
Gross profit		5,887	23,454
Other operating income	4	24,296	15,426
Administrative expenses		(17,787)	(22,586)
Other operating expenses		(3,271)	(2,961)
Operating profit		9,125	13,333
Dividend income from shares in group undertakings and other investments	6	1,678	26,004
Impairment of fixed asset investment	12	(1,001)	(9,130)
Interest income	7	2,574	1,135
Interest expense	8	(11,622)	(1,099)
Profit before taxation		754	30,243
Tax	9	820	(2,855)
Profit for the financial year attributable to owners of the Company	5	1,574	27,388
Change in effective tax rate relating to IFRS16		(328)	328
Total comprehensive income for the year attributable to the owners of the Company		1,246	27,716

All the results shown in the Profit and loss account derive from continuing operations in both the current and prior years. The notes on pages 19 to 52 form part of these financial statements.

Mitsubishi Corporation International (Europe) Plc

Balance sheet
As at 31 March 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	10	84	79
Property, plant and equipment	11	10,942	12,130
Investments	12	41,486	43,046
Derivative assets	17	794	6
Deferred tax assets	9	1,679	1,949
Other non-current assets	14	3,219	4,178
		58,204	61,388
Current assets			
Inventories	13	258,768	321,491
Trade and other receivables	14	341,933	277,692
Derivative assets	17	21,919	20,115
Cash and cash equivalents		1,501	2,582
		624,121	621,880
Current liabilities			
Bank loans and overdrafts	15	-	(435)
Trade and other payables	15	(387,461)	(404,658)
Derivative liabilities	17	(12,295)	(70,208)
Deferred income	15	(68)	(61)
		(399,824)	(475,362)
Net current assets		224,297	146,518
Total assets less current liabilities		282,501	207,906
Non-current liabilities			
Derivative liabilities	17	(40)	(718)
Lease liabilities and other creditors	15	(125,903)	(24,576)
		(125,943)	(25,294)
Net assets		156,558	182,612
Equity			
Share capital	16	120,658	120,658
Share premium	16	33,665	33,665
Profit and loss account	16	2,235	28,289
Equity attributable to owners of the company		156,558	182,612

The financial statements of Mitsubishi Corporation International (Europe) Plc registered number 02214224 were approved by the Board of Directors on 30 August 2023.

Signed on behalf of the Board of Directors

A Takada
Managing Director

Mitsubishi Corporation International (Europe) Plc

Statement of changes in equity
For the year ended 31 March 2023

	Notes	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2021		120,658	33,665	19,073	173,396
Profit for the year		-	-	27,388	27,388
Other comprehensive income for the year		-	-	328	328
Total comprehensive income for the year		**-**	**-**	**27,716**	**27,716**
Dividends	21	-	-	(18,500)	(18,500)
Balance at 31 March 2022		**120,658**	**33,665**	**28,289**	**182,612**
Balance at 1 April 2022		120,658	33,665	28,289	182,612
Profit for the year		-	-	1,574	1,574
Other comprehensive expense for the year		-	-	(328)	(328)
Total comprehensive income for the year		**-**	**-**	**1,246**	**1,246**
Dividends	21	-	-	(27,300)	(27,300)
Balance at 31 March 2023		**120,658**	**33,665**	**2,235**	**156,558**

1. General information and accounting policies

a) General information

Mitsubishi Corporation International (Europe) Plc is incorporated in England, the United Kingdom under the Companies Act. The company is a public company limited by shares and the address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 8.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and inventories that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Adoption of new and revised standards

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The Company has adopted the amendments to IFRS 3 *Business Combinations* for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*

The Company has adopted the amendments to IAS 16 for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

New and amended IFRS Accounting Standards that are effective for the current year (continued)

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards. IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements. IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

b) Significant accounting policies

The significant accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Group financial statements

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 financial statement

Cash flow statement and disclosure exemptions

As permitted by FRS101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, presentation of comparative information in respect of certain assets, certain disclosure in respect of revenue from contracts with customers, lease accounting, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Mitsubishi Corporation which are available to the public and can be obtained as set out in note 19.

Going concern

As discussed in the Review of the business and key performance indicators in the Strategic Report, the company performance was satisfactory during the year ended 31 March 2023. The company maintains a strong balance sheet with positive net current assets as at 31 March 2023 of £224.3 million (2022: £146.5 million) and shareholders' equity of £156.6 million (2022: £182.6 million). The company has sources of finance both from the group as well as third party banks. The total borrowings of the company as at 31 March 2023 of £415.3 million (2022: £351.1 million), details explained below and in note 15, are short-term and long term borrowings from a group financing company, Mitsubishi Corporation Finance Plc of £302.5 million and £104.3 million respectively. There are no third party borrowings as at 31 March 2023.

These are matched to a large extent against the aggregate of cash and cash equivalents of £1.5 million (2022: £2.6 million), trade receivables of £317.4 million (2022: £207.5 million) (see note 14), amounts receivable from other group companies of £5.4 million (2022: £35.6 million) (see note 14) which are on terms similar to the borrowings and inventories of £258.8 million (2022: £321.5 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.

The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. The company has prepared its budget plan for the next 12 months from the date of signing the financial statements considering any material financial and business related effects of the increase in commodity prices. Total borrowings are expected to be relatively stable during the 12 months. The directors do not expect a significant impact on the company's financial performance during the next 12 months.

The company has current and uncommitted bank borrowings and facilities including the facility from Mitsubishi Corporation Finance Plc of USD1.1 billion (GBP equivalent 890 million) as at 30 June 2023. The facility from Mitsubishi Corporation Finance Plc is for a one-year term renewing automatically on each anniversary. The facility will expire and be due for renewal during the next 12 months. The directors have gained assurances from Mitsubishi Corporation Finance Plc that the facility will be provided if needed, for at least 12 months from the date of signing the financial statements. The bank facilities will also expire and be due for renewal during the next 12 months, although the bank facilities have not been relied upon when forming the conclusion relating to going concern. The directors have a reasonable expectation that adequate borrowing facilities will continue to be available to the company.

Based on the above factors, and after making enquiries, 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 annual report and financial statements.

Intangible 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. Amortisation expenses are recognised within administration expenses in profit and loss. Provision is made for any impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset on a straight-line basis. Office equipment has an estimated useful life of four years and IT equipment has an estimated useful life of three years. Vehicles and furniture, fixtures & fittings have an estimated useful life of four years.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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 profit and loss.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

Inventories

Inventories 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 inventories are valued at fair value less costs to sell. This is determined 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 *Metal Bulletin* at that date adjusted to take account of location of inventory. Location factors are determined based on actual transport costs incurred.

Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue is recognised at the point where control of the goods has transferred, being when the goods have been shipped to the specific location instructed by the customers. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For those transactions where the company is to provide the specified goods or services itself, revenue is recognised as principal. Where the company is to arrange for another party to provide those goods and services and the company acts as either agent or broker then only the commission receivable is recorded as revenue.

The company has previously accounted for all its revenue streams in line with IFRS 15. However, in March 2019, IFRS Interpretations Committee (IFRIC) published a paper where they clarified that IFRS 9 must be applied to "contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if those contracts were financial instruments (IFRS9.2.4)", with one exception; the 'own use scope exception' in paragraph 2.4 of IFRS 9.

This requirement to adopt IFRS 9 for contracts defined above applies to the company as some of the company's revenue streams include firm commitment contracts relating to the sales of metal commodities in the future. The company also has a revenue stream relating to the gain on the revaluation/derivative gain/loss from these firm commitments if the contract is made before the year-end but the actual delivery of these underlying physical metal commodities is after the year end. Thus, in line with the IFRIC guidance, revenue from such contracts should be accounted for under IFRS 9, rather than under IFRS 15 as it was previously for metal commodities transactions. The company made the change from

IFRS 15 to IFRS 9 in the year ended 31 March 2021. During the year the company started a new aluminium business with its revenue stream accounted for under IFRS 15 since the new business does not involve derivative financial instruments.

Other income

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 which are recognised over time where the customer receives and consumes the benefits provided by the entity.

Dividend income from investments is recognised when the company's right to receive payment has 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 profit and loss.

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.

Leases

The company has applied IFRS 16 from 1 April 2019, details of accounting policies are presented below.

The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise of the fixed lease payments, less any lease incentives receivable.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a significant change in the lease term.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

The company as lessor

The company enters into sublease agreements as a lessor with respect to its office head leases.

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Where a head lease is renewed but a sub-lease is not renewed in line with the head lease the sub-lease is reclassified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Pension costs

The company has a defined contribution schemes and the amount charged to profit and loss 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in profit and loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

The company has a group relief policy with group companies. The policy allows company with a taxable loss to surrender its taxable loss to a group company with a taxable profit. The tax benefit of the group relief will be shared between the participating companies.

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.

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

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

In relation to the impairment of trade receivables, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The company has assessed the lifetime expected credit losses for its trade receivables as required and permitted under IFRS 9, and identified no material impact to the trade receivables amount due to the robust and comprehensive credit risk management procedure as describe in note 14.

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 except where the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed, in which case the investment is stated at cost less provisions for impairment as an approximation to fair value. Changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Provisions for impairment are recognised in profit and loss.

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.

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 profit and 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 are measured at amortised cost, using the effective interest rate method.

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 IFRS 9 Financial Instruments 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.

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 17 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 other comprehensive income.

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 profit and loss.

Amounts deferred in equity are recycled to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement 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.

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 profit and loss; and
- The carrying amount of the hedged item is adjusted through profit and loss 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 forecast 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.

c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Principal versus agent considerations

The company and its employees undertake a very wide range of business activities. These involve trading in goods on the company's own account and as an intermediary on behalf of others, as well as performing a range of management, treasury and other services on behalf of other Mitsubishi group undertakings.

Management is required to exercise judgement in order to determine to what extent, the company nature of its promise is a performance obligation to provide the specified goods or services itself (the company acting as a principal) or to arrange for the other party to provide those goods and services (the company acting as an agent).

Management judgement is also required to determine the specified good or service is a distinct good or service to be provided to the customer. If a contract with a customer includes more than one specified good or service, the company could be a principal for some specified goods or services and an agent for others.

To determine the nature of promise, management considers the detailed guidance set out in IFRS 15 *Revenue from contracts with customers,* identify the specified goods and services to be provided to customer and assess whether it controls each specified good or service before that good or service is transferred to the customer.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements

The company has material assets and liabilities which are measured at fair value or fair value less costs to sell, most notably the company's derivatives and aluminium inventories. Fair value measurements are based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. In almost all cases where fair value accounting is applied the company has chosen not to apply the hedge accounting requirements of IFRS 9 and as a result the full unrealised gains and losses resulting from the revaluation of these assets and liabilities at each reporting date are recognised directly in profit and loss.

Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to judgement, particularly where comparable market-based transactions rarely exist. Further details of the techniques applied, inputs used and the sensitivity to changes are given in notes 13 and 17 to the financial statements.

2. Revenue

	2023 £'000	2022 £'000
Metals commodity contracts	1,189,417	1,141,253
Other principal revenue	26,514	1,145
Agency/Brokerage revenue	10,998	7,990
	1,226,929	1,150,388

Metals commodity contracts revenue represents metal commodities transactions which are accounted as derivative financial instruments where gain or loss on revaluation of future sales contracts are recognised.

Other principal revenue represents gross sales with respect to transactions in which the company is named as principal.

Agency/Brokerage revenue represents:

- commission receivable for transactions in which the company acts as a disclosed settlement agent; and
- brokerage commission receivable.

An analysis of the Company's revenue by geographical market is set out below:

	2023 £'000	2022 £'000
From customers located within:		
Europe other than United Kingdom	1,088,267	1,084,924
United Kingdom	113,159	56,761
Australia	16,979	-
America	5,220	4,672
Asia	1,342	3,849
Others	1,962	182
	1,226,929	1,150,388

3. Information regarding directors and employees

	2023 £'000	2022 £'000
Directors' emoluments:		
Emoluments	355	1,363
Company contributions to money purchase pension scheme	-	15
	355	1,378

The reduction in directors' emoluments is due to a reorganisation at the beginning of the year where directors were transferred to Mitsubishi Corporation's London Branch with reduced service time for the company.

3. Information regarding directors and employees (continued)

	2023 No.	2022 No.
Number of directors who are members of a money purchase pension scheme	-	1
	£'000	**£'000**
Remuneration of the highest paid director (not member of pension scheme)	230	936

	2023 No.	2022 No.
Monthly average number of employees (including directors)		
Trading	37	48
Administration	34	46
	71	94

	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	6,566	7,972
Social security costs	1,159	1,036
Pension costs	587	628
Cost in respect of parent company's employees on secondment	1,816	3,065
	10,128	12,701

The reduction in the monthly average number of employees (including directors) is due to a reorganisation of several divisions and departments at the beginning of the year which were transferred to Mitsubishi Corporation's London Branch. The company also closed the Living Essentials Division on 31 March 2022.

4. Other operating income

	2023 £'000	2022 £'000
Service and management fee income	5,437	8,065
Net foreign exchange gains	17,522	6,302
Other income	1,337	1,059
	24,296	15,426

Service and management fees include management, accounting and other recharges to various group companies for services provided. Other items of operating income consist mainly of fair value gains on foreign exchange contracts, other income as well as movements in bad debt and other provisions. A gain on Mitsubishi Espana S.A. capital reduction was recognised in 2022.

5. Profit for the year

Profit for the year has been arrived at after charging/(crediting) the following amounts:

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	369	289
Amortisation of intangible assets	85	101
Depreciation of right-to-use assets	2,087	2,067
Sublease income under IFRS16	(1,190)	(1,428)
Staff costs including directors (see note 3)	10,483	14,079
Net foreign exchange (gains)	(17,522)	(6,302)
Mark to market losses on foreign contracts	3,216	251
Impairment of fixed asset investments	1,001	9,130
Impairment loss recognised on trade receivables	60	68
Reversal of impairment loss recognised on trade receivables	-	(3)
Charitable donations	-	2
Auditor's remuneration		
– Fees payable to the company's auditor for the audit of the company's annual financial statements	319	292
– Fee payable to the company's auditor for audit-related assurance services (J-Sox audit)	147	128
– Fees payable to the company's auditor and their associates for non-audit services to the company	146	91

6. Dividend income from group undertakings and other investments

	2023 £'000	2022 £'000
Mitsubishi France S.A.S.	1,232	24,899
Mitsubishi Italia S.P.A.	72	83
Others	374	1,022
	1,678	26,004

7. Interest income

	2023 £'000	2022 £'000
Interest receivable from group undertakings	997	180
Bank and other interest receivable	1,577	267
Interest income arising on lease termination	-	688
	2,574	1,135

The company surrendered an office lease and recognised interest income arising from the difference between the right of use asset less accumulated depreciation and the outstanding lease liability at the time of surrender in prior year end. Further details are discussed in note 11, Property, plant and equipment.

8. Interest expense

	2023 £'000	2022 £'000
Interest on bank loans and overdrafts	225	27
Interest payable to group undertakings	10,904	690
Interest on lease liabilities	493	382
	11,622	1,099

Interest expenses payable to group undertakings increased due to an increase in intercompany interest rates from group financing company, Mitsubishi Corporation Finance Plc, and funding for the new aluminium business. The average interest rate payable in the year to 31 March 2023 was 2.73% (2022: 0.084%).

9. Tax

(i) The tax charge comprises:

	2023 £'000	2022 £'000
Corporation tax:		
United Kingdom corporation tax	(361)	2,805
Adjustment in respect of prior years	(413)	(351)
Non recoverable withholding tax	12	49
Total current tax	(762)	2,503
Deferred tax:		
Origination and reversal of temporary differences	(58)	352
Total deferred tax	(58)	352
Total tax on profit	(820)	2,855

(ii) The charge for the year can be reconciled to the income statement as follows:

	2023 £'000	2022 £'000
Profit before tax	754	30,243
Tax at 19 % (2022: 19%) thereon:	(143)	(5,746)
Effects of:		
Expenses not deductible for tax purposes	(54)	(620)
Fixed asset temporary differences	(48)	(17)
Other temporary differences	293	(159)
United Kingdom dividend income	319	4,941
Other expense/income not chargeable for tax purposes	52	(1,556)
Prior year adjustments	413	351
Non recoverable withholding tax	(12)	(49)
Total tax credit/(charge) for the year	820	(2,855)

9. Tax (continued)

(iii) Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000	**Others £'000**	**Revaluation of financial assets £'000**	**IFRS 16 opening adjustment £'000**	**Total £'000**
At 31 March 2022	122	168	(1)	1,660	1,949
Charge to profit or loss	(37)	64	-	31	58
Charge to equity	-	-	-	(328)	(328)
At 31 March 2023	85	232	(1)	1,363	1,679

The company has approximately £0.07 million capital losses (2022: £0.07 million) as at balance sheet date. The longest deferred tax assets expire in 2026.

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023 £'000	**2022 £'000**
Deferred tax liabilities	(1)	(1)
Deferred tax assets	1,680	1,950
	1,679	1,949

Corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit for the year.

Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date and which are expected to apply when the temporary differences reverse. Finance Act 2021, which received Royal Assent in June 2021, announced the main rate of Corporation Tax would increase to 25% from April 2023. This was confirmed in the March 2023 Spring Budget. Deferred taxes at 31 March 2023 have been measured using this enacted tax rate and reflected in these financial statements

10. Intangible assets

	Software £'000
Cost	
At 1 April 2022	2,797
Additions	90
Disposal	-
At 31 March 2023	2,887
Accumulated amortisation	
At 1 April 2022	2,718
Charge for the year	85
Disposal	-
At 31 March 2023	2,803
Net book value	
At 31 March 2023	84
At 31 March 2022	79

11. Property, plant and equipment

	Vehicles	Furniture fixtures and fittings	Office and IT equipment	Construction in progress	Right of use assets buildings	Right of use vehicle	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2022	27	4,508	1,415	-	46,195	100	52,245
Additions	-	96	116	107	101	-	420
Disposals	(27)	(177)	(60)	(5)	-	-	(269)
Transfer/adj	-	-	-	(102)	53	-	(49)
At 31 March 2023	-	4,427	1,471	-	46,349	100	52,347
Accumulated depreciation							
At 1 April 2022	27	3,919	1,123	-	34,994	52	40,115
Charge for the year	-	242	127	-	1,151	25	1,545
Disposals	(27)	(177)	(51)	-	-	-	(255)
Transfer/adj	-	-	-	-	-	-	-
At 31 March 2023	-	3,984	1,199	-	36,145	77	41,405
Net book value							
At 31 March 2023	-	443	272	-	10,204	23	10,942
At 31 March 2022	-	589	292	-	11,201	48	12,130

Right-of-use assets

The company has 3 office leases included in building. At the end of March 2022, the company terminated one of the office leases and at the same time extended the main office lease for a further 7 years. The remaining 2 leases will expire September 2026 and September 2033 respectively with no option to purchase at the end of the lease term.

The company has 2 car leases. Both lease terms are of 3 years and will end in March 2024.

The total cash outflow for leases amount to £1.7 million (2022: £4.4 million) for the year.

Amounts recognised in profit and loss	**2023**	**2022**
	£'000	**£'000**
Depreciation expense on right-of-use assets	736	420
Interest expense on lease liabilities	493	382
Interest income arising on lease termination	-	688
Expense relating to short-term leases	-	283
Income from sub-leasing right-of-use assets	1,312	1,629

All amortisation is charged within the administrative expenses in the Income Statement.

Notes to the financial statements (continued)
For the year ended 31 March 2023

12. Investments

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 April 2022	83,732	47	83,779
Additions	-	29	29
Disposal	(588)	-	(588)
At 31 March 2023	83,144	76	83,220
Provision			
At 1 April 2022	40,733	-	40,733
Impairment	1,001	-	1,001
Disposal	-	-	-
At 31 March 2023	41,734	-	41,734
Net book value			
At 31 March 2023	41,410	76	41,486
At 31 March 2022	42,999	47	43,046

Shares in subsidiary undertakings

The shares in subsidiary undertakings represent the four European subsidiaries of the company located in Germany, Italy, Netherlands and France. The principal activities of Mitsubishi International GmbH relate to the general trading of commodities and the provision of related services. The other subsidiaries' principal activities relate to the provision of services.

Shareholdings in subsidiaries as at 31 March 2023 are as follows:

Company name	Registered office and Country of incorporation	Class of shareholding	Shareholding %	£'000
Mitsubishi International G.m.b.H	Kennedydamm 19, 40476 Duesseldorf, Federal Republic of Germany	Ordinary shares	100	28,122
Mitsubishi France S.A.	3 Avenue Hoche 75008 Paris, France	Ordinary shares	100	4,941
Mitsubishi Italia S.p.A	Largo Toscanini, 1 20122 Milano, Italy	Ordinary shares	100	1,055
Mitsubishi Nederland B.V.	500 Beethovenstraat, 3rd floor, Beethovanstraat 514, 1082 PR, Amsterdam, The Netherlands	Ordinary shares	100	7,292
Total				**41,410**

Notes to the financial statements (continued)
For the year ended 31 March 2023

12. Investments (continued)

The company has reviewed the carrying value of the subsidiaries. As a result, the company recognised an impairment loss of £1.0 million for Mitsubishi France S.A. in the profit and loss account. The impairment amount was calculated based on the investee company's net assets value net of the dividend distribution and any future liabilities that might arise. In the opinion of the directors, the written down value of the subsidiary was appropriately assessed.

During the year Mitsubishi Espana S.A. and Mitsubish Hellas A.E.E. completed their liquidation. The company recognised a gain of £0.29 million on disposal.

Other investments

The other investments represent a debenture in Wentworth Golf Club.

13. Inventories

	2023 £'000	2022 £'000
Aluminium inventories held at fair value less costs to sell	258,768	321,491
Finished goods and goods for resale	258,768	321,491

14. Trade and other receivables

	2023 £'000	2022 £'000
Amounts due within one year:		
Trade receivables	318,387	208,497
Less: allowance for doubtful receivables	(1,006)	(973)
	317,381	207,524
Amounts owed by parent company and fellow subsidiary undertakings	4,439	34,501
Sublease receivable from group undertakings	984	1,108
Loans to third parties	4,477	4,187
Corporation tax receivable	3,573	1,919
VAT receivable	8,288	7,165
Prepayments	2,791	21,288
	341,933	277,692
Amounts due after more than one year:		
Sublease receivable from group undertakings	2,552	4,070
Other debtors	667	108
	3,219	4,178
Total trade and other receivables	345,152	281,870

All trade receivables 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 material interest rate risk.

14. Trade and other receivables (continued)

The amount owed by parent company and fellow subsidiary undertakings includes loans to fellow subsidiaries. The decrease in current year balance is mainly due to a reduction in loans to fellow subsidiaries and final settlement related to the closing of the Living Essentials division at end of March 2022.

The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at risk free interest rates plus an appropriate margin for the currency and term for group finance. In the opinion of the directors the carrying amount is a reasonable approximation of fair value. The loan to the associated company carries interest at the company's borrowing rate plus an appropriate margin.

Sublease receivable from group undertakings is fixed, non-cancelable leases until September 2026.

Prepayments included £1.8 million advance to suppliers (2022: £nil) and other prepared expenses. There is no margin call deposit (2022: £20.5 million) for aluminium trade at the year end.

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 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.

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 minimise credit risk through using credit insurance wherever considered appropriate 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 2023 the company has credit exposure of £207.8 million (31 March 2022: £57.2 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 part of the same corporate group.

The company's maximum exposure to credit risk is largely limited to the carrying amount of its receivables, cash and derivatives.

Included in the company's trade receivables balance, there are no debtors (31 March 2022: nil) 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 are aged from current to over one year. Provisions are made based on the expected credit loss model requires under IFRS 9, reflecting the expected credit losses.

14. Trade and other receivables (continued)

Movement in the allowance for doubtful receivables

	2023 £'000	2022 £'000
Balance at the beginning of the year	973	1,066
Exchange difference	10	12
Provision charged during the year	60	68
Provision reversed during the year	-	(3)
Provision written off during the year	(37)	(170)
Balance as at end of the year	1,006	973

15. Trade and other payables

	2023 £'000	2022 £'000
Amounts falling due within one year		
Lease liabilities	2,431	1,020
Trade payables	67,730	45,075
Amounts owed to parent company and fellow subsidiary undertakings	311,037	350,640
Other taxation and social security	189	275
Accruals	6,074	7,648
	387,461	404,658
Deferred income		
Amounts falling due within one year	68	61
	68	61
Amount falling due after more than one year		
Lease liabilities	21,652	24,083
Amount owed to fellow subsidiary undertakings	104,251	-
Other creditors	-	493
	125,903	24,576

As at 31 March 2023 the amount owed to parent company is £192,000 (2022: £613,000). The amount owed to other fellow subsidiary undertakings is £310,845,000 (2022: £350,027,000) of which £302,492,000 (2022: £343,460,000) related to group financing. The company also has £104,251,000 (2022: nil) owed to fellow subsidiary undertakings related to group financing which falls due after more than one year. The increase in group financing is due to more funding required for aluminium trading as a result of higher aluminium commodity prices.

All trade payables 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 material interest rate risk.

15. Trade and other payables (continued)

	2023 £'000	2022 £'000
Amount due for settlement:		
Between one and five years	12,620	13,188
After five years	9,032	10,895
	21,652	24,083
On demand or within one year	2,431	1,020
	24,083	25,103

Analysis of lease liabilities

	2023 £'000	2022 £'000
Bank loans and overdrafts (unsecured)		
The borrowings are repayable as follows:		
On demand or within one year	-	435

Analysis of borrowings by currency

	EUR £'000	US$ £'000	GBP £'000	JPY £'000
31 March 2023				
Bank loans	-	-	-	-
31 March 2022				
Bank loans	435	-	-	-

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 17 to the income statements.

16. Share capital, revaluation reserve, share premium and profit and loss account

	2023 £'000	2022 £'000
Authorised, issued and fully paid:		
120,658,154 (2022: 120,658,154) ordinary shares of £1 each	120,658	120,658

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	2023 £'000	2022 £'000
Share premium	33,665	33,665

Profit and loss account

Profit and loss reserve represents cumulative profit or losses net of dividends paid and other adjustments.

17. Derivatives and financial instruments

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 for the management of 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 to which the company is exposed. 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. A summary of the financial instruments of the company, by category, including the estimate of fair value is as follows:

At 31 March 2023

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets						
Non-derivative assets	330,500	-	-	-	330,500	330,500
Derivative assets	-	-	-	22,713	22,713	22,713
Available-for-sale investments	-	76	-	-	76	76
Cash and cash equivalents	1,501	-	-	-	1,501	1,501
Sub-total	332,001	76	-	22,713	354,790	354,790

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial liabilities						
Non-derivative liabilities	-	-	(100,358)	-	(100,358)	(100,358)
Derivative liabilities	-	-	-	(12,335)	(12,335)	(12,335)
Sub-total	-	-	(100,358)	(12,335)	(112,693)	(112,693)
Bank overdrafts and other loans						
Current/non-current	-	-	(406,743)	-	(406,743)	(406,743)
Total	332,001	76	(507,101)	10,378	(164,646)	(164,646)

At 31 March 2022

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets						
Non-derivative assets	251,498	-	-	-	251,498	251,498
Derivative assets	-	-	-	20,121	20,121	20,121
Available-for-sale investments	-	47	-	-	47	47
Cash and cash equivalents	2,582	-	-	-	2,582	2,582
Sub-total	254,080	47	-	20,121	274,248	274,248
Financial liabilities						
Non-derivative liabilities	-	-	(77,851)	-	(77,851)	(77,851)
Derivative liabilities	-	-	-	(70,926)	(70,926)	(70,926)
Sub-total	-	-	(77,851)	(70,926)	(148,777)	(148,777)
Bank overdrafts and other loans						
Current	-	-	(343,895)	-	(343,895)	(343,895)
Total	254,080	47	(421,746)	(50,805)	(218,424)	(218,424)

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

Notes to the financial statements (continued)
For the year ended 31 March 2023

17. 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:

	2023 £'000	2022 £'000
Assets:		
Current derivative assets		
- Currency derivatives	190	3,940
- Aluminium commodity contracts	21,729	16,175
	21,919	20,115
Non-current derivative assets		
- Currency derivatives	-	6
- Aluminium commodity contracts	794	-
	794	6
Liabilities:		
Current derivative liabilities		
- Currency derivatives	1,996	2,487
- Aluminium commodity contracts	10,299	67,721
	12,295	70,208
Non-current derivative liabilities		
- Currency derivatives	8	6
- Aluminium commodity contracts	32	712
	40	718

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

While the company makes extensive use of derivative financial instruments to hedge the risks to which it is exposed, it applies hedge accounting under IFRS 9 Financial Instruments only in limited circumstances. The hedging transactions the company undertakes that are not recognised in profit and loss 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.

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

As at 31 March 2023, there was no designated and effective cash flow hedges which have been deferred in other comprehensive income.

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 aluminium 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.

(i) 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 2023	259,999	473,194
31 March 2022	569,410	733,971

17. Derivatives and financial instruments (continued)

(i) Commodity price risk exposure (continued)

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in April 2024. ‘Long’ refers to the buying position of aluminium future contracts whereas ‘Short’ refers to the selling position of aluminium future contracts.

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

Aluminium: US$2,383 – US$2,531 per metric ton (2022: US$3,457 – US$3,493 per metric ton).

(ii) Commodity price sensitivity analysis

The sensitivity analysis demonstrates the potential impact on 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:

	2023 Impact on profit and loss	
	Lowest case (loss) £’000	**Highest case (profit) £ ‘000**
Aluminium futures	9,961	6,138
Total	9,961	6,138

	2022 Impact on profit and loss	
	Lowest case (loss) £’000	**Highest case (profit) £ ‘000**
Aluminium futures	8,574	1,444
Total	8,574	1,444

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 its internal risk management process.

17. Derivatives and financial instruments (continued)

Foreign currency risk

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.

(i) Foreign Currency risk exposure

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 which comprise most of the company operating expenses) for the company are:

	2023	**2022**
	£'000	**£'000**
US Dollar	4,456	23,861
Euro	7,910	28,847
	12,366	52,708

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 are:

	Monetary liabilities		**Monetary assets**	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
US Dollar	298,848	311,275	115,465	153,130
Euro	171,143	74,312	198,308	73,976
	469,991	385,587	313,773	227,106

(ii) 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 a result of the change in foreign currency exchange rates based on the earnings and the value of foreign currency monetary assets and liabilities shown above.

Notes to the financial statements (continued)
For the year ended 31 March 2023

17. Derivatives and financial instruments (continued)

(ii) Foreign currency sensitivity analysis (continued)

Sensitivity analysis (loss)/profit impact:

	10% weakening in £ against other currency		10% weakening in £ against other currency	
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
	On net monetary items	On earnings	On net monetary items	On earnings
US Dollar	(20,376)	495	(17,572)	2,651
Euro	2,716	879	(34)	3,205
Total impact (loss)/profit	(17,660)	1,374	(17,606)	5,856

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.

(iii) Foreign currency contracts

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 marketplace that the physical transaction takes place in.

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

	GBP £'000	USD £'000	EUR £'000	JPY £'000
31 March 2023	119,975	174,131	38,343	4
31 March 2022	148,669	308,843	57,292	5

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments. The vast majority are due to mature within twelve months of the balance sheet date. A very small number extend beyond then, the latest one maturing in June 2024.

At 31 March 2023 the fair value of the company's currency derivatives is estimated to be a net liability of £1.8 million (2022: net asset of £2.6 million). 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, taking into account the need for adjustments for credit risk. This comprises £1.8 million (2022: £2.6 million) 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 other comprehensive income was £nil (2021: £nil) as discussed above under hedge accounting.

Listed below are the exchange rate ranges used in calculating the fair value as at 31 March 2023 for the key currencies held as derivatives.

US Dollars – Euro	(2023; 1.0864 – 1.1057)	(2022: 1.1126 – 1.1523)
US Dollars – Sterling	(2023: 1.2364)	(2022: 1.3166 – 1.3167)

Notes to the financial statements (continued)
For the year ended 31 March 2023

17. Derivatives and financial instruments (continued)

(iii) Foreign currency contracts (continued)

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 bear the significant risks and rewards of these instruments other than the fixed agency commission that is recognised as income as earned. The fair value of such contracts as at 31 March 2023 was a gain of £4,594,657 (2022: loss of £5,471,702).

Interest rate risk

The company in its normal course of business requires funding to finance its commodity trading operations. It is exposed to interest rate risk predominantly because of the mismatch between the value of floating rate assets, mainly consisting of cash flows from inventories and receivables versus fixed rate liabilities. The company's interest risk management policy is to hedge the overall floating rate exposure by using fixed rate borrowings of a similar short-term duration. Longer dated assets over 1 year in duration are normally matched by borrowings obtained from a fellow group undertaking.

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 2023	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	1,501	-	-	-	-	1,501
Loans to third parties	4,477	-	-	-	-	4,477
Amounts owed by parent company and fellow subsidiary undertakings	-	-	-	-	7,975	7,975
Amount owed by associates	-	-	-	-	108	108
Liabilities:						
Bank loans and overdrafts	-	-	-	-	-	-
Amounts owed to parent company and fellow subsidiary undertakings	302,492	104,251	-	-	8,545	415,288

As at 31 March 2022	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	2,582	-	-	-	-	2,582
Loans to third parties	4,187	-	-	-	-	4,187
Amounts owed by parent company and fellow subsidiary undertakings	7,994	-	-	-	31,685	36,679
Amount owed by associates	-	-	-	-	108	108
Liabilities:						
Bank loans and overdrafts	435	-	-	-	-	435
Amounts owed to parent company and fellow subsidiary undertakings	343,460	-	-	-	7,180	350,640

The contracted interest rate on cash at bank and bank deposits was nil%.

17. Derivatives and financial instruments (continued)

Interest rate risk (continued)

Contracted interest rates on loans to third parties and amounts owed by fellow subsidiary undertakings range from nil to +5.48%.

Contracted interest rates on overdraft and amounts owed to fellow subsidiary undertakings range from 3.25% to +7.00%.

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 2023.

Liquidity risk

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.

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

2023	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	-	-	-	-
Other loans	(302,492)	(104,251)	-	(406,743)
Related interest	(2,127)	(3,262)	-	(5,389)
Non-derivative liabilities	(78,706)	(6,409)	(15,243)	(100,358)
Derivative liabilities	(12,295)	(40)	-	(12,335)
Total	(395,620)	(113,962)	(15,243)	(524,825)

2022	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(435)	-	-	(435)
Other loans	(343,460)	-	-	(343,460)
Related interest	(117)	-	-	(117)
Non-derivative liabilities	(53,275)	(6,090)	(18,486)	(77,851)
Derivative liabilities	(70,208)	(718)	-	(70,926)
Total	(467,495)	(6,808)	(18,486)	(492,789)

17. 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).

	2023			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at FVTPL				
Derivative financial assets	-	22,713	-	22,713
Available-for-sale financial assets				
Unquoted equities	-	-	76	76
Total	-	22,713	76	22,789
Financial liabilities at FVTPL				
Derivative financial liabilities	-	12,335	-	12,335
Total	-	12,335	-	12,335

	2022			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at FVTPL				
Derivative financial assets	-	20,121	-	20,121
Available-for-sale financial assets				
Unquoted equities	-	-	47	47
Total	-	20,121	47	20,168
Financial liabilities at FVTPL				
Derivative financial liabilities	-	70,926	-	70,926
Total	-	70,926	-	70,926

17. Derivatives and financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale Unquoted equities	
	2023	**2022**
	£'000	**£'000**
Opening balance	47	35
Total losses or gains:		
- addition	29	12
- disposals	-	-
Closing balance	76	47

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases.

Netting arrangements

The company enters into netting agreements with counterparties to manage the credit and settlement risks associated with all its derivatives. These netting agreements and similar arrangements enable the company and its counterparties to settle cash flows on a net basis and set-off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations. Gross notional amounts of the company's derivatives are set out above in the sections of this note relating to the risk the derivatives are used to manage.

18. Pension scheme

Defined contribution scheme

The company operates a defined contribution scheme for the benefit of the employees of Mitsubishi Corporation International (Europe) Plc. The charge for the year (being the contributions made by the company) was £0.6 million (2022: £0.6 million). No amounts were accrued or prepaid as at 31 March 2023.

19. 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.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, 3-1 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan and are also available on Mitsubishi Corporation's website (www.mitsubishicorp.com).

20. Related party transactions

The disclosures below show transactions with related parties which are not wholly owned within the group headed by Mitsubishi Corporation. The company has taken advantage of the exemption from disclosing details of related party transactions available under FRS 101 for transactions with other wholly owned group companies.

	Mozal		**Other related parties**	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	1,442	181	138	142
Sublease income	-	-	33	33
Trade and other receivables	-	-	25	22
Payables		18,941	-	-

The company purchased aluminium on normal commercial terms from Mozal s.a.r.l, which is an associate of the company's parent undertaking, Mitsubishi Corporation until May 2014. Thereafter the company changed its arrangement and purchases aluminium directly from the parent company, but remains as a settlement agent for the parent company with Mozal. In October 2022 Mitsubishi Corporation disposed of its shareholdings in Mozal. Thus revenue from Mozal relates to April to September 2022 demurrage charges for aluminium business. Revenue from other related parties is mainly service fee income for accounting support.

21. Capital risk management and dividends

Capital risk management

The company manages its capital to ensure that it will be able to fund both its own day-to-day activities and those of its subsidiaries while continuing as a going concern. The capital structure of the company consists of net debt (bank loans, overdrafts and intercompany balances disclosed in note 15 after deducting cash and bank balances) and equity (comprising issued capital, reserves and retained earnings). The company is not subject to any externally imposed capital requirements and does not manage its capital on the basis of specific target gearing or leverage ratios.

Instead, each year the directors make an assessment of the valuation of the company's assets and liabilities using assumptions which are more prudent than those adopted for financial reporting purpose, taking into account unrealised gains and losses on assets and liabilities held at fair value and unrecognised contingent liabilities. Having made this assessment the company pays out all remaining retained earnings as dividends such that the company's equity should remain broadly stable over the long term. Any requirements for additional capital identified by the company through its ongoing cash flow forecasting are met through additional borrowings obtained from the wide range of facilities available to the company, both directly from external banks and from other group undertakings.

21. Capital risk management and dividends (continued)

Dividends

Amounts recognised as distributions to equity holders in the year:

	2023 **£'000**	**2022** **£'000**
Dividend for the year ended 31 March 2023 of 22.62591p per share (for year ended 31 March 2022: 15.33257p per share)	27,300	18,500
	27,300	18,500

22. Event after the balance sheet date

There are no non-adjusting or adjusting events occurred after the balance sheet date.