# Prax Downstream UK Limited

Annual report and financial statements

Registered number 00223114

28 February 2022

**Contents**

**Strategic report**

Business review

The audited financial statements for the year ended 28 February 2022 are set out on pages 7 to 17. The profit for the year after taxation was £111,000 (2021: loss of £122,202,000). The prior year figures are not comparable due to different period lengths and an impairment of £122 million in the prior year.

No dividend is proposed (2021: £nil).

Principal activities

The principal activities of the company are leasing equipment to Prax Lindsey Oil Refinery Limited and acting as a holding company for the Group's investment in Prax Lindsey Oil Refinery Limited.

FCCU lease agreement

On 5th September 2016 the company assumed legal ownership of the Fluid Catalytic Cracking Unit and other related equipment at Lindsey Oil Refinery following the assignment of a lease agreement from Omnium Leasing Company dated 17th December 1976.

The Fluid Catalytic Cracking Unit and other related equipment is leased to Total Lindsey Oil Refinery under a finance lease and the company has commenced charging Total Lindsey Oil Refinery Limited lease charges under the conditions of the lease.

Further details of can be found in notes 1.5 and 7 of the accounts.

Impairment of fixed asset investment

In the prior year, the directors considered it necessary to impair the value of investment in Prax Lindsey Oil Refinery Limited to £480.3m, which is the Directors' best estimate of the recoverable amount of this investment.

Further details of impairment charges can be found in note 5 of the accounts.

Principal Risks

The Company is subject to various risks and uncertainties during the ordinary course of its business, many of which result from factors outside of its control.

The principal such risk is due to changes in economic and market conditions such as price volatility and changes in levels of demand for products that would impact on the value of the Company's investment in its subsidiary Prax Lindsey Oil Refinery Limited.

To help mitigate the effect of these risks and uncertainties, the Company requires its subsidiary to adopt a number of steps including regularly reviewing trading conditions to be able to respond quickly to changes in market conditions.

Approved by the Board of Directors and signed on behalf of the Board

Mr Winston Sanjeev Kumar Soosaipillai

Director
30 November 2022

Prax Downstream UK Limited
Registered number 00223114
28 February 2022

**Directors' Report**

The directors present their Directors' report and financial statements for the period ended 28 February 2022.

Directors

The directors who served during the year were as follows:

E Stobseth Brown (appointed 15 January 2021; resigned 1 March 2021)

T Behrends (appointed 20 January 2020; resigned 1 March 2021)

F Bourrasse (appointed 20 January 2020; resigned 1 March 2021)

D Borneo (appointed 1 March 2021, resigned 29 May 2022)

L Smets (appointed 1 March 2021, resigned 14 March 2022)

W Soosaipillai (appointed 1 March 2021)

Charitable and political contributions

During the year, the company made no charitable donations (2021: £nil), and no political contributions (2021: £nil).

Statement on the disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Directors Interests

None of the directors held any beneficial interest in the shares of the company or other group companies which are required to be disclosed under the provisions of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

Mr Winston Sanjeev Kumar Soosaipillai

Director
30 November 2022

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable, relevant and reliable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRAX DOWNSTREAM UK LIMITED**

**Opinion**

We have audited the financial statements of Prax Downstream UK Limited ("the company") for the year ended 28 February 2022 which comprise the profit and loss account, statement of changes in equity, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Going concern**

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's policy for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no revenue generation activity and it only includes interest income from leasing equipment to its subsidiary with no incentive to manipulate results.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying all the journal entries and other adjustments posted during the financial year to test and compare the entries to supporting documentation.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non- compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

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

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

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.

Julie Wheeldon

**Julie Wheeldon (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
1 December 2022

**Profit and loss account**

*For the year ended 28 February 2022*

| | Note | 12 months ended 28 February 2022 £ 000's | 14 months ended 28 February 2021 £ 000's |
|---|---|---|---|
| Provision for impairment of investment | | - | (122,000) |
| Other Operating expenses | | - | (366) |
| Land rental | | (1) | (1) |
| Bank interest income | 3 | - | 1 |
| Lease interest income | 3 | 115 | 114 |
| **Total interest income** | | **115** | **115** |
| **Profit / (loss) before taxation** | | **114** | **(122,252)** |
| Taxation | 4 | (3) | 50 |
| **Profit / (loss) for the financial year** | | **111** | **(122,202)** |

There is no difference between the historical cost profit and loss account and the profit and loss account above.

The notes on pages 10 to 17 form part of the financial statements.

**Statement of changes in equity**

*For the period ended 28 February 2022*

| | Called-Up Share Capital<br>£ 000's | Share Premium<br>£ 000's | Retained Earnings<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|
| At 1 January 2020 | 607,000 | 17,546 | (318,961) | 305,585 |
| **Total comprehensive income for the period:** | | | | |
| Loss for the financial period | - | - | (122,202) | (122,202) |
| Total comprehensive income for the period | **-** | **-** | **(122,202)** | **(122,202)** |
| Issue of Shares | 297,700 | - | - | 297,700 |
| At 28 February 2021 | 904,700 | 17,546 | (441,163) | 481,083 |
| | | | | |
| At 1 March 2021 | 904,700 | 17,546 | (441,163) | 481,083 |
| **Total comprehensive income for the year:** | | | | |
| Profit for the financial year | - | - | 111 | 111 |
| Total comprehensive income for the year | **-** | **-** | **111** | **111** |
| At 28 February 2022 | 904,700 | 17,546 | (441,052) | 481,194 |

## Balance sheet

*At 28 February 2022*

| | Note | 28 February 2022 £ 000's | 28 February 2021 £ 000's |
|---|---|---|---|
| Investments | 5 | 480,269 | 480,269 |
| Financial asset | 7 | 210 | 212 |
| **Long term assets** | | **480,479** | **480,481** |
| | | | |
| Current assets: | | | |
| Debtors | 6 | 627 | 511 |
| Financial asset | 7 | 114 | 114 |
| | | | |
| Current liabilities: | | | |
| Creditors: amounts falling due within one year | | - | - |
| **Net current assets** | | **741** | **625** |
| | | | |
| Creditors: amounts falling due after one year | 8 | (26) | (23) |
| **Long term liabilities** | | **(26)** | **(23)** |
| | | | |
| **Net assets** | | **481,194** | **481,083** |
| | | | |
| Capital and reserves: | | | |
| Called-up share capital | 9 | 904,700 | 904,700 |
| Share premium account | | 17,546 | 17,546 |
| Profit and loss account | | (441,052) | (441,163) |
| **Equity shareholders funds** | | **481,194** | **481,083** |

The notes on pages 10 to 17 form part of the financial statements.

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

Mr Winston Sanjeev Kumar Soosaipillai
Director

30 November 2022

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### 1.1. Basis of preparation

Prax Downstream UK Ltd (the "Company") is a company incorporated and domiciled in the UK. The registered number is 00223114 and the registered address is Harvest House, Horizon Business Village, 1 Brooklands Road, Weybridge, Surrey, KT13 0TJ. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's financial statements are presented in Sterling, and all amounts rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal activities of the Company are leasing equipment to Prax Lindsey Oil Refinery Limited (PLOR) and acting as a holding company for the Group's investment in Prax Lindsey Oil Refinery Limited (PLOR).

#### 1.2. Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company is part of a Group whose customers operate in a wide range of different sectors. The Group has prepared detailed base forecasts and downside scenarios to stress test, taking into account, key uncertainties and risks that could impact Group's financial performance. Stress testing specifically focused on impact on volume demand and product margins arising from potential COVID-19 lockdowns, fuel supply interruptions and market volatility. The Group's liquidity remained strong and continued to comply with the financial covenants during the forecast period to 31 December 2023 under both base and downside scenarios.

The directors have prepared financial forecasts including cashflow forecasts for the Company for the period to 31 December 2023 which include reasonably possible downside scenarios arising from the continuing effects of COVID-19 and the supply chain disruption and inflationary pressures generated by Russia's invasion of Ukraine. Having carried out extensive analysis and assessment of various risks on the business, the directors are satisfied that the Company will have sufficient funds, through funding from its ultimate parent Company, State Oil Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on State Oil Limited providing additional financial support during that period. State Oil Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due and continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore have been prepared on a going concern basis.

1.3. Application of reporting exemptions

The Company has taken advantage of the exemption under s.400 of the companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of State Oil Limited.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- Disclosure of related party transactions between wholly-owned subsidiaries and parents within a group;
- Disclosures in relation to impairment of assets;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of State Oil Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

1.4. Judgements and key sources of estimation uncertainty

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

The following judgements have had the most significant effect on amounts recognised in the financial statements:

- Provision for impairment

  Investments are reviewed for impairment or reversal of a previously recognised impairment if there is an indication that impairment or reversal of a previously recognised impairment has occurred. The impairment has been measured by comparing the recoverable amount to the carrying value of investment held in relation to Prax Lindsey Oil Refinery Limited. The recoverable amount is considered to be the fair value less costs to sell (based on the fair value exercise performed at the balance sheet date by State Oil Limited, the ultimate parent company), and net asset of value of, Prax Lindsey Oil Refinery Limited at 28 February 2022.

**Notes (continued)**

1.5. Significant accounting policies

- Turnover

  Turnover represents dividends receivable from wholly owned subsidiaries.

- Investments

  Fixed asset investments are stated at cost, less provision for impairment.

- Finance leases

  A financial asset has been recognised in respect of the FCCU finance lease (see note 7) and is recorded at an amount equal to the net investment in the lease. This includes the direct costs incurred in relation to arranging the assignment of the lease.

  Lease interest income derived from the finance lease is based on the rate implicit in the lease over a twenty-year period.

  As a lessor

  At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

  When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

  To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

  When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

  The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see the financial instruments note). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

- Financial instruments - Derecognition

  Financial assets

  The Company derecognises a financial asset when:

  - the contractual rights to the cash flows from the financial asset expire; or
  - it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

- Taxation

  Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Notes (Continued)

## 2. Directors and employees

None of the directors received any remuneration in respect of their qualifying services to the company (2021: £nil). As the company's principal activity is that of a holding company, no director receives additional remuneration for their services as a director and no reasonable allocation can be made from amounts paid to Directors by other Group subsidiaries.

The company has no employees (2021: nil).

## 3. Profit before taxation

| | 12 months ended 28 February 2022 £ 000's | 14 months ended 28 February 2021 £ 000's |
|---|---|---|
| Operating profit is stated after: | | |
| Provision for impairment of investment | - | (122,000) |
| Lease interest income | 115 | 114 |
| Other interest | - | 1 |

Auditor's remuneration of £4,940 (2021: £4,940) is bome by another group company.

Notes (Continued)

## 4. Taxation

### 4.1. Tax charged in the income statement

| | 12 months ended 28 February 2022 £ 000's | 14 months ended 28 February 2021 £ 000's |
|---|---|---|
| UK corporation tax | | |
| Current tax on income for the period | - | 52 |
| Adjustments in respect of prior periods | - | - |
| Total current tax | **-** | **52** |
| | | |
| Deferred tax | | |
| Origination and reversal of timing differences | 3 | (2) |
| Change in tax laws and rate | - | - |
| Total deferred tax | **3** | **(2)** |
| | | |
| Tax on profit on ordinary activities | **3** | **50** |

### 4.2. Reconciliation of total tax charge

The corporation tax assessed on the profit on ordinary activities for the period is different from the standard rate of tax in the UK of 19% (2021: 19%). The differences are reconciled below:

| | 12 months ended 28 February 2022 £ 000's | 14 months ended 28 February 2021 £ 000's |
|---|---|---|
| Profit/(loss) on ordinary activities before tax | 114 | (122,252) |
| Taxation at UK corporation tax rate of 19% (2021: 19%) | 21 | 23,228 |
| Impairment of investments not taxable | - | (23,180) |
| Income not deductible for tax purposes | - | 2 |
| Change in tax laws and rate | 3 | - |
| Group relief surrendered/(claimed) | (21) | - |
| Total tax charge | **3** | **50** |

4.3. Deferred taxation

The deferred tax liability in the company's balance sheet is as follows:

| | 28 February 2022 | 28 February 2021 |
|---|---|---|
| | £ 000's | £ 000's |
| At the beginning of the year | (23) | (21) |
| Accelerated capital allowances | (3) | (2) |
| At the end of the year | **(26)** | **(23)** |

4.4. Change in corporation tax rate

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 28 February 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2021: 19%).

**5. Investments**

| | 2022 | 2021 |
|---|---|---|
| | £ 000's | £ 000's |
| Cost | | |
| At 1st March | **866,160** | 568,460 |
| Additions | - | 297,700 |
| At end of the financial year | **866,160** | **866,160** |
| | | |
| Provision for Impairment | | |
| At 1st March | **(385,891)** | (263,891) |
| Impairment | - | (122,000) |
| At end of the financial year | **(385,891)** | **(385,891)** |
| | | |
| Net Book Value | | |
| At end of the financial year | **480,269** | **480,269** |

The Company has investments in the following subsidiary undertaking:

| | Principal Activity | Holding |
|---|---|---|
| Prax Lindsey Oil Refinery Limited | Refining | 100% |

The registered address of Prax Lindsey Oil Refinery Limited is Harvest House, Horizon Business Village, 1 Brooklands Road, Weybridge, Surrey, KT13 0TJ.

Impairment reviews are performed annually. In the prior year an impairment of £122 million, following a review on 28 February 2021, was deemed necessary to match the Directors' best estimate of the recoverable amount in its investment in Prax Lindsey Oil Refinery Limited.

**Notes (Continued)**

## 6. Debtors

| | 28 February 2022 £ 000's | 28 February 2021 £ 000's |
|---|---|---|
| Amounts owed by Prax Lindsey Oil Refinery Limited | 627 | 511 |

## 7. Financial asset

On 5th September 2016 the company assumed legal ownership of the Fluid Catalytic Cracking Unit and other related equipment at Lindsey Oil Refinery following the assignment of a lease agreement from Omnium Leasing Company dated 17th December 1976.

The Fluid Catalytic Cracking Unit and other related equipment is leased to Prax Lindsey Oil Refinery under a finance lease and the company has commenced charging Prax Lindsey Oil Refinery Limited lease charges under the conditions of the lease.

The future minimum receivable under the finance lease together with the present value of the minimum lease receivable are as follows:

| | 28 February 2022 £ 000's | 28 February 2021 £ 000's |
|---|---|---|
| Amount receivable under financial lease | | |
| Within one year | 114 | 114 |
| in the second to fifth year inclusive | 455 | 455 |
| After fifth year | 1,102 | 1,216 |
| | **1,671** | **1,785** |
| Less: unearned financial income | (1,347) | (1,459) |
| Present value of minimum lease receivable | **324** | **326** |
| Less: amount due within one year | (114) | (114) |
| Present value of amounts due in more than one year | **210** | **212** |

**Notes (Continued)**

**8. Creditors: amounts falling due after one year**

| | 28 February 2022 £ 000's | 28 February 2021 £ 000's |
|---|---|---|
| Deferred tax | (26) | (23) |
| | **(26)** | **(23)** |

**9. Called-up equity share capital**

| | 28 February 2022 Thousands of Shares | 28 February 2021 Thousands of Shares |
|---|---|---|
| Allotted, called up and fully paid ordinary shares of £1 each | | |
| At beginning of year | **904,700** | 607,000 |
| Shares issued | **-** | 297,700 |
| At beginning and at the end of year | **904,700** | 904,700 |

| | 28 February 2022 £'000 | 28 February 2021 £'000 |
|---|---|---|
| Allotted, called up and fully paid ordinary shares of £1 each | | |
| At beginning of year | **904,700** | 607,000 |
| Shares issued | **-** | 297,700 |
| At beginning and at the end of year | **904,700** | 904,700 |

**10. Ultimate controlling party**

The company's immediate parent undertaking is Prax Refining Limited, a company registered in England and Wales. The company's ultimate parent undertaking is State Oil Limited, a company registered in England and Wales. The largest group for which consolidated financial statements have been prepared is that headed by State Oil Limited. Consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling parties were Mr Winston Sanjeev Kumar Soosaipillai and Mrs Arani Soosaipillai by virtue of being joint shareholders of State Oil Limited.