CD&R Firefly 4 Limited

REPORT AND FINANCIAL STATEMENTS

Year to 31 December 2018

Company 09547863

Company Information

DIRECTORS	William Bannister Simon Lane Gregory Laï Marco Herbst
REGISTERED OFFICE	Cleveland House 33 King Street London SW1Y 6RJ
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 10 Bricket Road St Albans Herts AL1 3JX

Contents

Strategic report for the year ended 31 December 2018

The directors present their Strategic Report for CD&R Firefly 4 Limited (**the 'Company'**) and its subsidiaries, (**the 'Group'**) together with the Group financial statements, for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is to act as an intermediate holding company to the Group. The principal activity of the Group is that of petrol forecourt retailing.

Company overview

The Company was formed when Clayton Dubilier & Rice (CD&R) acquired a controlling interest in Scimitar Topco Limited in July 2015 from Patron Scimitar Holding Sàrl. Founded in 1978, CD&R is a private equity firm with a history of working with management teams to build stronger, more profitable businesses. CD&R's investors include leading financial institutions, university endowments and corporate and public pension funds. The investment was made through CD&R Firefly Holdings Sàrl whose principal investor is Clayton Dubilier and Rice Fund IX.

CD&R is one of the oldest private equity firms in North America. CD&R works to make companies grow and prosper by partnering with families, founders or corporate owners. Value is created by collaborating with management to spur operational performance improvements by accelerating growth strategies, injecting new talent and boosting productivity. The Firm executes a consistent investment strategy across North America and Europe, focusing on market-leading businesses in the consumer/retail, healthcare, industrial, and services sectors.

The Company became one of a series of intermediate holding companies owning Scimitar Topco Limited. Scimitar Topco Limited is in turn the parent company of Motor Fuel Limited. Following the acquisition of the MRH Group in the second half of 2018, Motor Fuel Limited is now the largest independent forecourt operator in the UK with nearly 900 stations operating across England, Scotland and Wales.

Motor Fuel Limited offers its customers fuel under the BP, Shell, Esso, Texaco, Jet and Murco brands, coupled with an attractive, competitive and expanding forecourt shop offer. 'Food to Go' outlets continue to be added to the sites to add to the overall customer experience.

The directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity. It is the director's intention that the Group will adhere to the Wates corporate governance principles for large private companies from 1 January 2019 onwards.

Strategy

The Group's strategy continues to be to develop the business into the most dynamic and profitable independent forecourt operator in the UK. Service stations operate primarily through a commission operator scheme which provides an attractive, competitive and expanding forecourt shop offer. The Group aims to provide customers with good quality, competitively priced fuels together with a convenient and competitive shopping and food service experience.

This strategy is pursued through both the acquisition of service stations and continued investment in the existing network. The Group will be continuing its development plan through 2019 including improving and extending the shops, and continuing to add 'Food to Go' outlets.

The acquisition of MRH in June 2018 was transformational for the Group. The Competition and Markets Authority (CMA) gave clearance for the acquisition at the beginning of the fourth quarter of 2018, by the end of the year the Group had successfully implemented its integration plan with all MRH sites operating on the MFG systems and were working to the MFG standard procedures.

During 2019 the Group is building further efficiencies on the integration work done in 2018 and looking to develop the synergies between the two businesses, building on the successful MFG model to create a platform for continued and sustained success.

Results and performance

The Group made profit for the year ending 31 December 2018 amounting to £10.1m (2017: profit £19.8m).

Trading conditions in the year under review were favourable and the Group continued to deliver a strong financial performance and more than doubled the size of the network with the MRH acquisition. Aside from the acquisition the performance of the underlying business was good, fuel sales continued to be strong exceeding the previous year in terms of both volume sold and margin achieved. Non-fuel profit continued to grow as MFG's ongoing development program continued building and developing both the shops and 'Food to Go' offerings on the forecourts.

At the end of the year the number of petrol stations operated was 925 (2017: 439). The increase was due to the acquisition of the MRH business in the year. To obtain clearance from the CMA, the Group had to agree to divest thirty eight petrol stations in specific geographical areas, these stations were presented as assets held for resale in the accounts and have all been sold during early 2019.

The Group continues to work with a number of carefully selected partners to provide an added value experience. The main fuel partners are BP, Shell, Esso, Phillips 66 (Jet) and Valero (Texaco). Key non-fuel partners are Booker (Budgens, Londis), Subway, Costa Coffee and Greggs.

At 31 December 2018, the Group had net assets of £319.2m (2017: net assets £5.3m), net current liabilities of £28.7m (2017: £27.0m) and net non-current debt of £1,523.7m (2017: £608.0m).

The Group is financed through a combination of equity, externally syndicated bank debt and shareholder loans. In June 2018, the Group undertook a refinancing exercise relating to the acquisition of the MRH business. As a result of this exercise there was an equity injection of £299.8m comprising a cash injection of £206.5m from the existing shareholders and £93.3m through capitalisation of existing intragroup loans.

£206.5m. The bank facility was renegotiated to a £1,476m Senior Financing Agreement (SFA) with a £285m Second Lien Facilities Agreement. Within the SFA the revolving credit facility (RCF) was increased to £230m. As part of this refinancing unamortised arrangement fees of £1.6m related to the previous bank loan, which would otherwise have been amortised over the remaining life of that loan, were immediately written off.

At 31 December 2018 the bank debt, net of set up fees newly arising during the year of £31.2m, was £1,463.7m (2017: £463.2m) and is repayable in July 2025. Of the revised additional £230m RCF £60m was drawn and outstanding as at 31 December 2018 (31 December 2017: £60m). The Group is compliant with all covenants under the facility agreement, and monitors compliance on a regular basis.

Future developments

The 2019 financial year has started well for the Group. The directors are pleased with the performance in the early part of the year and the continuing development of the combined business will allow the Group to build upon the growth and momentum established in 2018. The Group continues to develop the business and to diversify income streams as the trends in the UK car industry continue to develop.

The directors have considered the impact of the United Kingdom leaving the European Union. The Group has limited exposure to overseas markets, an entirely domestic customer base and sells product on a margin basis so has limited exposure to commodity pricing. The Euro denominated portion of the Group's debt is hedged and product is purchased in sterling. Consequently the directors are of the opinion that the business is substantially insulated from the probable effects of an eventual Brexit and that the Group possesses the resources, both financial and managerial, to withstand any foreseeable adverse effects. The situation continues to be monitored as the likelihood of different outcomes changes.

Directors of CD&R Firefly 4 Limited

The directors, who held office during the period, and since the end of the period, were as follows:

William Bannister – Chief Executive Officer

William acquired Motor Fuel Group in 2011 through a Management buy-in with partners Jeremy Clarke and Thomas Biggart, backed by Alasdair Locke and Patron Capital. William has 17 years' investment experience in the fuel sector. He was founding director of Scottish Capital Group in 1997, a property investment, corporate recovery and asset management business. Prior to this William was Land and Development Director at Delyn Plc.

Simon Lane – Chief Financial Officer

Simon joined the Group in 2015 as CFO. He has extensive experience in private equity and public companies within the leisure and retail sectors. In his earlier career, Simon served as CFO of William Hill plc, Center Parcs plc and was the Director of Corporate Finance at Safeway plc. He qualified as a Chartered Accountant at Arthur Andersen in London. He is a graduate of the University of Exeter.

Gregory Laï

Mr Laï is a Partner at CD&R and is based in London. He plays a key role in the execution of several of the Firm's transactions, including the investments in B&M Retail, BUT, Exova, HD Supply, Westbury Street Holdings and Motor Fuel Group. Previously, Mr Laï worked in the Investment Banking Division of Citigroup as well as Mubadala Development Company. Mr. Laï graduated from ESCP-EAP European School of Management in Paris.

Marco Herbst

Marco joined CD&R's London office in 2006. He plays a key role in several of CD&R's investments, including B&M Retail, BUT International and Motor Fuel Group, as he did with the investment in British Car Auctions. Previously, he worked for Duke Street Capital, where his responsibilities included transaction origination, execution and transformation. Marco also worked at Merrill Lynch & Co., advising financial institutions across Europe on acquisitions as well as debt and equity transactions. Marco is a graduate of Universitá Commerciale Luigi Bocconi in Milan, Italy.

Business Model

Motor Fuel Group operates nearly 900 petrol stations across England, Scotland and Wales. The stations benefit from long term supply agreements and branding association with all of the major UK fuel brands. The majority of the stations also have forecourt shop offerings supplied and branded by recognised convenience store brands. Additionally many sites also offer 'Food to Go' outlets licensed from some of the most popular food providers in the UK.

The business is run primarily on a commission operator model with each self employed site manager encouraged to grow his/her own business, benefitting both themselves and MFG. Stations are in many types of location, housing estates, major arterial roads, inner cities and rural areas. The location and environs of each station are reflected in the format of the site and the offerings are tailored to the needs of the typical customers and the local community. Footfall and cross-selling are key to the success of each site, the aim of the Group is to boost both of these by developing sites into local hubs where consumers can satisfy a number of their requirements in one visit. It is important to make the experience as pleasant as possible to encourage repeat visits. The Group continue to review new offerings both to maximise value and to add to the overall customer experience.

Key performance indicators

The Group uses a number of key performance indicators to manage the business. Fuel trading is evaluated on a site by site basis by reference to volumes, gross profit and inventory days, as well as by the number of operational sites. Performance is also measured by brand and by original investment. Retail sales are monitored by product type across the different branded sites, whilst product availability and delivery metrics are also measured. The 'Food to Go' business is also measured by both average and total sales by brand and by site.

Additionally, the number of sites redeveloped and extended, along with the new 'Food to Go' outlet roll out, are also key non financial performance indicators.

The Group is also focused on all aspects of HSE and various metrics are used to measure performance and to identify any issues.

During the year the Group reported revenue of £3,377.7m (2017: £1,746.4m), gross profit of £277.0m (2017: £122.4m) and an operating profit of £102.4m (2017: £68.2m). The Group continues to focus on optimising profits, effectively managing controllable costs and making efficiency improvements.

The Group also focuses on the management of working capital and in particular inventory. Inventory days were 5.2 days at the end of 2018 (2017: 5.4 days).

Payment of trade payables

The Group has a number of fuel contracts which have varying credit terms. Standard non-fuel payment terms as applied by the Group are for payment 30 days following receipt of invoice.

Creditor days at the end of 2018 were 20.2 days (2017: 25.8 days).

Principal risks and uncertainties

The responsibility for risk management and the internal control environment resides with the Board of Directors, and the senior management team implements and maintains the control systems adopted by the Board.

The Group's policy on risk management is to reduce risk where practical and appropriate without unduly hindering growth. The risks detailed below are seen to be the principal risks affecting the Group, they do not include all of the potential risks and the list is not in any order of priority.

Market conditions

The Group operates in a price sensitive market and the outlook of the UK and world economy and customer confidence may impact on the Group's ability to deliver growth. The directors and senior management constantly review performance and revisit strategy accordingly to ensure that the management team is always focused on the key priorities of the Group to minimise this risk.

Competitor risk

The industry the Group operates in is highly competitive as customers remain intensely price focussed and more demanding of the offer provided at the forecourt. Management constantly monitor the network to ensure the quality of the offering meets the high expectations of the Group. Additionally, there are significant barriers to entry for a potential new service station operator which protects the Group's position in the market.

Commercial relationships

The Group benefits from close commercial relationships with a number of key suppliers. Damage to or loss of any of these relationships could have a direct effect on the Group's results which may be material. To manage this risk, the Group performs regular supplier reviews and continues to diversify the supplier base.

Security, Safety, Health and Environmental risk (SSHE)

The Group places great importance and focus upon the safety and health of its customers, its employees and all others who may be affected by its business activities.

Environmental awareness in respect of the storage, handling, sale and distribution of hydrocarbon oil and gas products has a high profile within the Group and the directors are well aware of the environmental contamination risks arising from these activities.

The Company policy is to minimise such risks and measures are in place to:

- prevent incidents occurring

- minimise the financial effects of any incident that does occur (including the maintenance of an insurance policy to provide cover for the costs of major incidents of environmental damage); and
- maintain and empower team of specialists to manage and oversee all SSHE matters.

The directors are all of the opinion that this focus on SSHE matters is an important factor in the mitigation of SSHE risk and that there is a low risk of SSHE matters having a material impact on the financial results and position of the Group.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The majority of sales are by cash or credit card and the Group's credit risk is therefore limited to those sales which are not by cash or credit card. For such sales, the Group regularly monitors the creditworthiness of counterparties and insures certain debts where appropriate.

Liquidity risk

The Group is consistently cash generative and uses a mixture of cash balances, long-term and short-term debt finance in order to maintain liquidity, ensuring that there are sufficient funds available for on-going operations and future developments. The Group's policy has been to ensure continuity of funding. Short-term flexibility is achieved by overdraft facilities. The Group regularly monitors cash flow forecasts and maintains funds on demand to meet all working capital requirements and the servicing of financial obligations. Details of the Group's bank facilities and other borrowings are set out in Note 22.

Interest rate cash flow risk

The Group is leveraged and is therefore exposed to rising interest rates. Interest on debt is calculated and paid on a quarterly basis. To mitigate this the Group has hedging arrangements in place to limit its exposure to the uncertainty of future interest cash outflows. Management review the level of debt hedged and are comfortable with the current level of exposure.

Use of financial instruments

The financial instruments include interest rate cap and swap arrangements. Information about their use is given in Note 23.5 to the Group financial statements.

Employees

The Group is committed to ensuring that employment is based on equal opportunity for all employees irrespective of gender, sexual orientation, race, colour, disability, marital status, religion or age. The Group seeks to 'promote from within' to provide staff development opportunity and will seek to offer new roles internally where possible.

The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill and are not discriminated against on the grounds of their disability. The Group's offices provide inclusive access for disabled staff, and its service stations are assessed to ensure inclusive access for all its customers. If members of staff become incapacitated or disabled the Group continues employment where possible and undertakes the necessary adjustments to facilitate continuing employment.

The number of employees by gender at 31 December 2018 was as follows:

	Male	Female	Total
Directors	4	-	4
Other employees	251	195	446
Total	255	195	450

Gender Diversity

The Group recognises the value of a diverse workforce and looks to offer equal opportunities to everyone. The Group has a culture that embraces diversity and fosters inclusion. Diversity is seen as a strength and the Group works hard to ensure a fair and inclusive environment for all, where the unique insights, perspectives and backgrounds of individuals are valued. Having these values as an integral part of our operations gives the Group a better understanding of the needs of the varied customers across the different local communities served and means the Group can benefit from a wider talent pool. The Group provides equal opportunity in franchisee selection and in recruitment, career development and reward of all employees.

Pension arrangements

The Group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Environmental impact

The Group is committed to ensure that the environmental consequences of its operations are minimised. The Group, as far as practical, pursues the following objectives:

- Reduction in consumption of raw materials and energy
- Reduction in emission of harmful products to the atmosphere
- Recycling of waste where possible.

The Group contracts with an expert environmental consulting firm to provide advice and services to manage environmental risks associated with operations across the service station network focussed particularly on mitigation of contaminated land risk. Throughout 2018, the Group continued to promote our Internal Health, Safety and Environmental Training programme, which has entailed the Operations Department undertaking over 2,000 individual courses since inception. The range of courses included industry recognised qualifications, Online Training Programmes, MFG in-house company specific classroom-based training and HSE Policy integration briefs.

Current initiatives include:

1. Environmental risk assessment to prioritise tank re-lining and engineering programmes. The tank relining programme is ongoing and the Group anticipates a significant number of tanks being re-lined in 2019.

2. Programme of groundwater monitoring and installation of groundwater monitoring wells across a proportion of the higher-risk environmental sites in the network.

3. Continuing programme of investigation and risk management for newly acquired sites.

4. Provision of Phase 1 and Phase 2 land quality assessments and advice as needed to meet and discharge planning condition requirements for the Group's shop redevelopment programme.

Social, community and human rights issues

The Group conducts its business in an ethically aware manner so as not to detrimentally affect the quality of life enjoyed by the communities it operates in.

The Group strives to:

- Respond quickly to issues or concerns raised by neighbours pertaining to the business.
- Engage with communities and support relevant and appropriate activities both at local and national level.
- Abide by local planning and other by-laws prevalent where the sites are based.
- Support community activity through actions and sponsorship as and where appropriate.
- Maintain properties, land and boundaries in such a condition so as not to degrade the visual amenities of the neighbours, or affect or endanger the surrounding communities.

The Group considers its fuel stations to be focal points within the local communities they serve. Consequently the Group works hard to provide retail offerings that are in line with the specific demands of the local community. This is particularly pertinent in the more rural parts of the country where the convenience aspect of the local service station is becoming more important to the community with the demise of the traditional village institutions.

The Group fully acknowledges the human rights of every individual.

The Group is committed to ensuring that there is no modern slavery or human trafficking in any part of the business. The Group is committed to acting ethically and with integrity in all of its business relationships and has a policy of zero tolerance towards slavery and human trafficking. Management is satisfied that actual or potential breaches of human rights is not a material issue within the Group's operations.

Approved by the Board and signed on its behalf by

WILLIAM BANNISTER (Chief Executive Officer and director)

29 May 2019

Directors' Report

The directors present their report and audited consolidated financial statements of CD&R Firefly 4 Limited (the Company) and its subsidiaries, (together, the Group) for the year ended 31 December 2018.

Results for the year, financial risk management and future developments of the Group and the Company can be found in the Group strategic report on pages 3 to 10.

Dividends

The directors have not declared a dividend for the year (2017: £nil).

Charitable and political donations

The Group made no charitable or political donations in the year (2017: £7,000 in charitable contributions).

Directors

The following persons served as directors during the year and up to the date of this report:

- William Bannister
- Simon Lane
- Gregory Laï
- Marco Herbst

Gregory Laï and Marco Herbst are employees and representatives of CD&R who supervise its investment in the Group on CD&R's behalf.

Directors' terms and conditions are set and reviewed annually by the remuneration committee of the board, who take account of market rates for the roles together with corporate performance over the preceding period and the individuals' respective contributions to that.

Key management personnel

The following individuals were the key management personnel of the Group during the year:

• William Bannister	Chief Executive Officer
• Thomas Biggart	Chief Investment Officer
• Jeremy Clarke	Chief Operating Officer
• Simon Lane	Chief Financial Officer

Corporate Governance

In June 2018 the Government introduced secondary legislation requiring all companies of a significant size to report on their corporate governance arrangements for periods commencing on or after 1 January 2019.

The directors have agreed that the Group will be adopting and following the Wates Corporate Governance Principles for large private companies. This is a voluntary framework which adopts the 'comply or explain' approach.

The approach is based upon six broad principles which the directors have adopted or are working towards, they are:-

- Purpose and leadership – An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.
- Board composition – Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.
- Director responsibilities - The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.
- Opportunity and risk – A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.
- Remuneration – A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.
- Stakeholder relationships and engagement – Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders including the workforce, and having regard to their views when taking decisions.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;

• make judgements and accounting estimates that are reasonable and prudent; and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

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

Directors' confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Directors report confirm that, to the best of their knowledge:

• the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company;

• the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group; and

• the Directors' Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces. In the case of each director in office at the date the Directors' Report is approved:

• so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and

• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP were re-appointed as auditors to the Company and Group in 2018.

Certain information required to be contained in this Directors' Report may be found in the accompanying Strategic Report.

The financial statements on pages 18 to 58 were approved by the Board of Directors on
and signed on its behalf by

WILLIAM BANNISTER (Chief Executive Officer and director)

29 May 2019

Independent auditors' report to the members of CD&R Firefly 4 Limited

Report on the audit of the financial statements

Opinion

In our opinion, CD&R Firefly 4 Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2018; the consolidated income statement and consolidated statement of comprehensive income , the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
29th May 2019

Consolidated Income Statement

	Note	Group 2018 £000	Group 2017 £000
Continuing operations			
Revenue		**3,377,731**	1,746,363
Cost of sales		**(3,100,685)**	(1,623,932)
Gross profit		**277,046**	122,431
Operating expenses	7	**(149,660)**	(54,195)
Exceptional operating expenses	7	**(24,992)**	-
Operating profit		**102,394**	68,236
Finance income	10	**8,058**	588
Finance expense	10	**(86,242)**	(44,704)
Profit before income tax		**24,210**	24,120
Income tax expense	11	**(14,121)**	(4,355)
Profit for the year		**10,089**	19,765

In accordance with the exemption under s408 of the Companies Act 2006, no Company-only Income Statement is shown (see Note 12).

Consolidated Statement of Comprehensive Income

	Note	Group 2018 £000	Group 2017 £000
Profit for the year		**10,089**	19,765
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Deferred tax on gains on revaluation of land and buildings	11.3	**4,035**	-
Total other comprehensive income for the year		**4,035**	-
Total comprehensive income for the year, attributable to equity owners of Parent		**14,124**	19,765

In accordance with the exemption under s408 of the Companies Act 2006, no Company-only Statement of Comprehensive Income is shown (see Note 12).

Consolidated and Company Statements of Financial Position

	Note	Group 2018 £000	Group 2017 *Restated £000	Company 2018 £000	Company 2017 £000
Assets					
Non-current assets					
Property, plant and equipment	13	**1,526,996**	444,598	**-**	-
Intangible assets	14	**458,144**	202,219	**-**	-
Investments	16	**-**	-	**378,658**	172,184
Total non-current assets		**1,985,140**	646,817	**378,658**	172,184
Current assets					
Inventories	17	**62,012**	24,050	**-**	-
Trade and other receivables	18	**99,383**	33,047	**-**	-
Assets held for sale	13	**42,763**	-	**-**	-
Cash and cash equivalents	19	**82,110**	55,304	**-**	-
Total current assets		**286,268**	112,401	**-**	-
Total assets		**2,271,408**	759,218	**378,658**	172,184
Liabilities					
Trade and other payables	20	**(264,927)**	(129,217)	**-**	-
Accruals	20	**(50,013)**	(10,140)	**-**	-
Total current liabilities		**(314,940)**	(139,357)	**-**	-
Net current liabilities		**(28,672)**	(26,956)	**-**	-
Provisions	21	**(11,445)**	-	**-**	-
Deferred tax liability	20	**(102,122)**	(6,578)	**-**	-
Borrowings	22	**(1,523,749)**	(608,006)	**-**	(84,797)
Total non-current liabilities		**(1,637,316)**	(614,584)	**-**	(84,797)
Total liabilities		**(1,952,256)**	(753,941)	**-**	(84,797)
Net assets		**319,152**	5,277	**378,658**	87,387
Equity					
Share capital	24	**-**	-	**-**	-
Capital Contribution	24	**299,751**	-	**299,751**	
Retained profit		**19,401**	5,277	**78,907**	87,387
Total Equity	26	**319,152**	5,277	**378,658**	87,387

*See Note 18 for details regarding the restatement for changes in accounting policies.

The financial statements have been approved by the Board of Directors and authorised for issue on , and are signed on its behalf by

WILLIAM BANNISTER (Chief Executive Officer and director)
29 May 2019

Consolidated and Company Statements of Changes in Equity

	Group			
	Share capital	Retained (loss)/ profit	Capital Contribution	**(Deficit) / equity attributable to equity owners of Parent**
	£000	£000	£000	**£000**
As at 31 December 2016	-	(14,488)	-	**(14,488)**
Total comprehensive income for the year	-	19,765	-	**19,765**
As at 31 December 2017	-	5,277	-	**5,277**
Total comprehensive income for the year	-	14,124	-	**14,124**
Capital Contribution (note 24)	-	-	299,751	**299,751**
As at 31 December 2018	-	**19,401**	**299,751**	**319,152**

	Company			
	Share capital	Retained (loss)/ profit	Capital Contribution	**(Deficit) / equity attributable to equity owners of Parent**
	£000	£000	£000	**£000**
As at 31 December 2016	-	(32,644)	-	**(32,644)**
Total comprehensive income for the year	-	120,031	-	**120,031**
As at 31 December 2017	-	**87,387**	-	**87,387**
Total comprehensive loss for the year	-	(8,480)	-	**(8,480)**
Capital Contribution (note 24)	-	-	299,751	**299,751**
As at 31 December 2018	-	**78,907**	**299,751**	**378,658**

Consolidated Statement of Cash Flows

	Note	Group 2018 £000	Group 2017 *Restated £000
Net cash flows from operating activities			
Profit before income tax		**24,210**	24,120
Non-cash adjustments			
Depreciation and amortisation	13, 14	**23,946**	12,983
Profit on disposal of property, plant and equipment		**(263)**	(4,242)
Net finance costs		**78,184**	44,116
Working capital adjustments			
(Increase) / decrease in inventories		**(3,901)**	200
(Increase) / decrease in trade and other receivables		**(32,758)**	3,467
(Decrease) / increase in trade and other payables		**(15,978)**	12,482
Cashflow generated by operating activities		**73,440**	93,126
Interest paid		**(49,210)**	(21,227)
Income tax paid		**(11,524)**	(5,584)
Net cash generated by operations		**12,706**	66,315
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(31,120)**	(51,997)
Purchase of intangibles	14	**(468)**	-
Disposal of property, plant and equipment		**49,189**	5,189
Interest received	10	**271**	105
Acquisition of subsidiaries	15	**(763,671)**	(49,861)
Acquisition of subsidiaries, deferred tax	11, 15	**97,363**	354
Net cash used by investing activities		**(648,436)**	(96,210)
Cash flows from financing activities			
Group refinancing		**662,536**	30,700
Net cash generated by financing activities		**662,536**	30,700
Net increase in cash and cash equivalents		**26,806**	805
Cash and cash equivalents brought forward		**55,304**	54,499
Cash and cash equivalents carried forward	19	**82,110**	55,304

*See Note 18 for details regarding the restatement for changes in accounting policies.

The Company has taken advantage of the exemption in IAS1 'Presentation of financial statements', section 10(d) and IAS 7 'Statement of Cash Flows' not to show the Company's statement of cash flows.

Notes to the financial statements

1 General information

CD&R Firefly 4 Limited (**the 'Company'** or **the 'Parent'**) is a limited liability company incorporated and domiciled in the UK. The Company's registered office is Cleveland House, 33 King Street, London, SW1Y 6RJ.

The principal activity of the Company is to act as an intermediate holding company to a group of companies (**the 'Group'**). The principal activity of the Group is petrol forecourt retailing.

2 Summary of significant accounting policies

The principal accounting policies have been applied consistently in the preparation of these consolidated financial statements and are set out below:

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with applicable International Financial Reporting Standards (**IFRSs**), International Accounting Standards (**IASs**) and International Financial Reporting Standards Interpretations Committee (**IFRS IC**) interpretations (collectively **IFRS**) as adopted for use in the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies, and are presented in pounds sterling (**£**). Amounts are generally expressed in thousands (**£'000**), with rounding accordingly.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the group accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Notes to the financial statements *(continued)*

2.2 Going concern

As part of their going concern review the directors have followed the guidelines published by the Financial Reporting Council entitled *Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009*.

At the reporting date the Group had cash resources (being cash, cash equivalents and money market investments) as set out in Note 19.

The main part of the Group's bank debt is due for repayment in 2025 on a bullet basis as set out in Note 22.

The directors monitor future cash requirements against current resources and the availability of future funding, and have prepared detailed financial forecasts and cash flows looking to the end of 2019. In developing these forecasts they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

Following the acquisition of the MRH Group in June 2018 and the subsequent integration of the business the directors have included the new business in the detailed forecasts and have satisfied themselves that the cash flows generated by the combined business and the existing funding arrangements are sufficient to provide working capital to operate the wider group for the foreseeable future.

Having considered uncertainties under the current economic environment, and after making enquiries, the directors have a reasonable expectation that resources are adequate to continue in operation for the foreseeable future. Furthermore, the cash flows support the repayment of loans as due as well as compliance with loan covenants until then. Accordingly, they have adopted the going concern basis in preparing the consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all investees that it controls (**the Subsidiaries**), made up to the accounting reference date each year. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a Subsidiary begins when the Company obtains control over an investee and ceases when the Company loses control of that Subsidiary. Specifically, the results of Subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company loses control.

Where control changes during an accounting period, revenue and costs of the trading Subsidiaries acquired have been allocated to pre and post-acquisition periods.

Notes to the financial statements *(continued)*

2.3 *Basis of consolidation (continued)*

Where necessary, adjustments are made to the financial statements of Subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets, and liabilities, investment and equity, income expenses and dividends, together with cash flows relating to such transactions, are eliminated on consolidation.

2.4 *Investments*

In the Company's financial statements, investments in Subsidiaries are stated at cost, provision being made where appropriate to recognise a permanent diminution in value.

2.5 *Business combinations*

Acquisitions of subsidiaries and other businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of (a) the acquisition-date fair values of assets transferred, (b) liabilities incurred to the former owners of the acquiree, and (c) the equity interest issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement.

The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

a) assets or liabilities related to deferred tax or to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
b) assets or disposal groups that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any previously held equity interest, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The allocation of goodwill is at a cash generating unit level. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of (a) the consideration transferred, (b) the amount of any non-controlling interests in the acquiree and (c) the fair value of any previously held interest in the acquiree, the excess is recognised immediately in the consolidated Statement of Comprehensive Income as a bargain purchase gain.

Goodwill is tested for impairment on an annual basis.

Notes to the financial statements *(continued)*

2.6 Currencies

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (**the functional currency**) which is UK sterling (**£**). They are presented in UK sterling, as described in Note 2.1 (**the presentational currency**).

2.7 Intangible assets

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Acquired brands (including trade marks): 20 years
- Acquired customer relationships: 20 years
- Software: 5-10 years

See Notes 2.9 and 14 for the Group policy and accounting treatment with respect to impairment.

Acquisition intangibles comprise brands and customer relationships purchased as part of acquisitions of businesses and are capitalised and amortised over their useful economic lives on a straight-line basis. In these consolidated financial statements the brands refer to the Murco brand and the customer relationships mainly refer to the dealership contracts.

Intangible assets are stated at cost less, where appropriate, accumulated amortisation and provision for impairment in value or estimated loss on disposal. In respect of customer relationships, the value attributed is based on the future economic benefit that is expected to be derived from them, calculated as the present value of future cash flows after a deduction for contributory assets.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation is charged to operating expenses in the consolidated Statement of Comprehensive Income.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged to write off the costs of assets over their estimated useful lives, starting from the month they are first used, as follows:

Notes to the financial statements *(continued)*

2.8 Property, plant and equipment (continued)

- Freehold land: not depreciated
- Freehold buildings: straight-line over 50 years
- Leasehold buildings: straight-line over the term of the lease
- Plant and machinery: straight-line over 3 to 10 years
- Fixtures and Fittings: straight-line over 3 to 10 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included within the statement of comprehensive income when the asset is derecognised.

2.9 Impairment of non-current assets

At each reporting date, the directors review the carrying amounts of all non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.10 Inventories

Inventories are comprised of fuel.

Inventories are reported at the lower of cost (purchase price and/or production cost) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

Notes to the financial statements *(continued)*

2.10 Inventories (continued)

The cost of inventory is calculated using a weighted cost method for each litre of fuel, with cost including direct materials and, where applicable, an attributable portion of variable and overhead expenses that have been incurred in bringing the inventories to their present location and condition. Adjustments are made for any inventories where net realisable value is lower than cost, or which are considered obsolete. Any inventories which the directors consider are not saleable are written off in the Statement of Comprehensive Income.

2.11 Revenue and income recognition

Revenue for the Group comprises the retail sale of fuel through forecourts, commission relating to sales by the forecourt shop operators, and fuel sales through the dealership network.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for fuel supplied, stated net of discounts and value added tax. The Group recognises revenue when (a) it can be reliably measured, (b) it is probable that future economic benefits will flow to the Group and (c) when specific criteria have been met for each of the Group's activities.

Commissions include rebates, also known as over-riders, relating to sales by third parties to the forecourt shop operators. Over-riders and rebates are accrued monthly and invoiced on a quarterly basis in arrears.

Any element of consideration contingent upon future events is included in sales only to the extent that future significant reversal is highly improbable.

Having assessed the Group's revenue arrangements against specific criteria, the directors have concluded that it is acting as a principal rather than agent in its revenue arrangements to date, except in the case of commissions.

Interest income represents interest receivable on cash balances and on loans to related parties and is recognised as it is earned.

Dividends receivable are recognised when declared.

2.12 Cost of sales

Cost of sales consists of the purchase cost of fuel sold and other expenses that are directly related to sales. It is stated net of VAT, discounts and expected rebates relating to those purchases.

Notes to the financial statements *(continued)*

2.13 Current and deferred tax

The income tax charge or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities for the year.

a) Current tax

Current tax is based on taxable income for the year and any adjustment to tax from previous periods. Taxable income differs from net income in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted by the reporting date.

b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

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 income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is an enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to the same taxation authority on either the same taxable entity or different taxable entities settling on a net basis.

2.14 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

2.15 Payroll expense and related contributions

Wages, salaries, payroll tax, bonuses, and employee benefits are accrued in the year in which the associated services are rendered.

Notes to the financial statements *(continued)*

2.16 Pension costs and other employee benefits

The Group operates two defined contribution pension schemes and a private medical scheme. The charge represents the amounts payable by the Group to the schemes in respect of the year.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.17 Accounting developments

(a) New standards, amendments and interpretations

The following standards, effective for the first time for the financial year beginning on 1 January 2018, have not had a material impact on the Group: IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'.

(b) New standards, amendments and interpretations not yet adopted

IFRS 16 'Leases', which is effective for annual periods beginning after 1 January 2019, and has not been applied in preparing these financial statements, is expected to have a material impact on the consolidated financial statements of the Group:

IFRS 16 replaces the existing guidance in IAS 17 'Leases'. IFRS 16 was issued in January 2016, and eliminates the dual accounting model for lessees. The standard removes the distinction between finance and operating leases and requires that right-of-use assets and liabilities be created for all leases on the balance sheet, unless the lease term is 12 months or less, or the underlying asset has a low value. Under the new standard, operating lease charges will be replaced with interest payable and depreciation charges. On an individual lease basis this will result in higher expenses in the Income Statement earlier in the lease term, and correspondingly lower expenses later in the lease term.

IFRS 16 becomes mandatory for the Group's consolidated financial statements for the year ended 31 December 2019. The directors have not yet completed their assessment of the impact of IFRS 16 on the Group's consolidated financial statements.

Notes to the financial statements *(continued)*

3 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1 Trade and other receivables

Trade and other receivables are recognised initially at fair value through profit or loss. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, 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.

There has been a change in accounting policy in the year. Previously, credit card receivables which cleared in a short period of time had been included within trade receivables at the year end. In the 2018 accounts, these have been included within cash and cash equivalents, as it is felt that this is a more appropriate classification. These are known amounts, readily and promptly convertible to cash. See note 18 for the impact of the change in accounting policy.

3.3 Trade and other payables

Trade and other payables are measured at fair value through profit or loss.

3.4 Borrowings

Borrowings are initially recorded at fair value net of transaction costs, including facility fees incurred, and subsequently measured at amortised cost using the effective interest method. Where a loan is obtained at interest rates different from market rates, the loan is remeasured at origination to its fair value, which is calculated as future interest payments and principal repayments discounted at market interest rates for similar loans. Subsequently, the carrying amount of the borrowings is adjusted for amortisation of the origination gain or loss, and the amortisation is recorded as finance income cost using the effective interest yield method on the asset/liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the financial statements *(continued)*

3.5 *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, as a deduction from the proceeds.

3.6 *Classification as debt or equity*

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.7 *Hedges and other derivative financial instruments*

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Comprehensive Income.

At the inception of a hedge relationship, the Group formally designates and documents the relationship between the instrument and the hedged item to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

All derivatives held are categorized within level 2 of the fair value hierarchy (Note 4.4) as they are measured using readily available information in public markets.

The Group has an interest rate cap that is used to hedge the exposure to an increase in interest rates. The Group also has an interest rate swap in place.

4 Financial risk management

4.1 *Financial risk factors*

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the directors, who identify and evaluate financial risks in close co-operation with key staff.

Notes to the financial statements *(continued)*

4.1 *Financial risk factors (continued)*

a) Market risk is the risk of loss that may arise from changes in market factors such as the price of crude oil and competitor sales pricing, as well as interest and foreign exchange rates. Market movements are monitored closely and the pricing of fuel is regularly adjusted to maintain the particular market profile of each brand whilst also generating a consistent gross margin. Interest rate risk is managed by derivative financial instruments - see Notes 3.7 and 23.5.

b) Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Group's cash, cash equivalents and receivables balances. Most retail sales are by cash, debit card or credit card so retail credit risk is negligible. For dealerships and commission sales the directors have established a credit policy whereby credit limits are managed carefully, and in certain cases cash bonds are held as security. The Group has a credit risk insurance policy and insures certain debts where appropriate.

c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's liquidity risk management and implies maintaining sufficient cash. The directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.2 *Capital risk management*

The Group is funded by equity and loans. The components of shareholders' equity are:

- Share capital
- Retained reserves or deficit, reflecting comprehensive income to date less distributions.

The objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Commitments are funded from existing cash and cash equivalent balances, primarily arising from equity sources.

Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

4.3 *Fair value estimation - receivables and payables*

The carrying values of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

Notes to the financial statements *(continued)*

4.4 Fair value estimation - financial liabilities and derivatives

A fair value hierarchy is used with three levels of inputs. Specific valuation techniques are:

- Level 1 (listed equity investments classified as available-for-sale financial assets, investees and financial assets designated at fair value through profit or loss). Fair value is based on quoted market prices at the reporting date. A market is active if quoted prices are readily available from an exchange, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular market transactions on an arm's length basis.
- Level 2 (financial instruments not traded in an active market but where all significant inputs are based on observable market data). Fair value is determined by valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates.
- Level 3 (If significant inputs are not based on observable market data). Fair value is based upon discounted cash flow forecasts.

5 Critical accounting estimates and judgements

Details of significant accounting judgements and critical accounting estimates are set out in these consolidated financial statements. These include the following which are accounting judgements unless otherwise disclosed:

5.1 Intangible asset life

Intangible assets are amortised over their estimated useful lives as explained in Note 2.7 and Note 14. In the case of acquired brands, this estimation reflects the directors' expectation of customer loyalty, taking into account observations from previous acquisitions. This is an accounting estimate.

5.2 Impairment of assets

The impairment review process involves the directors making judgements about, inter alia, future cash flows and, where appropriate, the discount rate to be applied to those cash flows. This is done on each reporting date as set out in Note 2.9.

5.3 Segments

The directors consider that the revenues and the profit or loss of the Group are attributable to the one principal activity of petrol forecourt retailing.

Notes to the financial statements *(continued)*

5.4 Financial instruments

In the judgement of the directors, derivatives have only been used for economic hedging purposes and not as speculative investments, as set out in Note 3.7.

5.5 Acquisitions

The Group has made a significant acquisition during the year. The assessment of the values of the assets and liabilities of MRH was independently prepared and calculated in June 2018. Revenue and profits are recognised from the date of acquisition.

6 Segmental analysis

All revenue and profits arise from one business stream, being petrol forecourt retailing, which includes associated commission over-riders and rent from site operators; consequently the Group does not prepare a segmental analysis. All assets and liabilities are located in the country of domicile, being the UK, and all activity occurs there. All segmental income arises from the same assets, being the fuel stations and hence no segmental analysis of net assets arises.

7 Operating Expenses

Operating profit is stated after charging /(crediting) items as follows:

	Group 2018 £000	Group 2017 £000
Employee costs – Note 9	**19,669**	7,102
Establishment and general:		
-Profit on disposal of property, plant and equipment	**(263)**	(4,241)
-Auditors' remuneration – Note 8	**723**	160
-Operating lease costs – land and buildings	**5,356**	1,651
-Depreciation of owned property, plant and equipment – Note 13	**23,111**	12,148
-Amortisation and impairment of intangible assets – Note 14	**835**	835
-Other operating expenses	**100,229**	36,540
Total operating expenses	**149,660**	54,195

Other operating expenses comprise site operating costs, including fuel commissions, business rates, utilities, repairs and maintenance; legal and professional fees and head office costs.

In addition, exceptional operating costs of £25.0m (2017: £nil) comprise professional fees, stamp duty and redundancy costs in relation to the purchase of the MRH group in June 2018.

Notes to the financial statements *(continued)*

8 Auditors' remuneration

	Group 2018 £000	Group 2017 £000
The Group obtained the following services from the auditors and their associates:		
Current year Audit of the Parent and consolidated financial statements	**53**	24
Current year Audit of the Subsidiaries' financial statements	**432**	136
Other audit related assurance services	**238**	-
Total auditors' remuneration	**723**	160

The auditors' remuneration for the Company has been borne by one of the subsidiaries.

9 Employees and remuneration

9.1 Number of employees

	Group 2018 Number	Group 2017 Number
Monthly average number of employees (including directors)		
Senior employees (including directors)	**22**	13
Other employees	**422**	68
	444	81

The business operates primarily a commission operator business model. As such, the commission operators and the site staff employed by them are not employees of the Group and are not included above. The average number of employees has increased in the year as a result of the acquisition of MRH.

9.2 Remuneration

	Group 2018 £000	Group 2017 £000
Aggregate remuneration of employees (including directors)		
Wages and salaries	**17,196**	6,010
Social security costs	**2,189**	821
Other benefits	**60**	216
Pension costs	**224**	55
	19,669	7,102

Notes to the financial statements *(continued)*

9.2 Remuneration (continued)

During the year the Group operated two defined contribution pension schemes in the UK, one of which is closed to new joiners. Pension benefits are provided through these schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. The assets of the scheme are held separately from those of the Group in independently administered funds.

9.3 Directors' remuneration

	Group 2018 £000	Group 2017 £000
Remuneration of the directors and key members of management		
Wages and salaries	**2,786**	1,866
Social security costs	**356**	249
Pension contributions	**45**	38
	3,187	2,153
Remuneration of highest paid director	**1,013**	530

There are no transactions with any director in the year which require disclosure.

10 Finance income and expense

10.1 Income

	Group 2018 £000	Group 2017 £000
Interest and similar income	**271**	105
Fair value movement in derivatives – Note 23.5	**7,787**	483
	8,058	588

10.2 Expense

	Group 2018 £000	Group 2017 £000
Bank interest paid	**51,373**	21,227
Interest accruing on loans from parent undertaking	**8,480**	14,268
Other interest and similar charges	**6,476**	-
Fair value movement in derivatives – Note 23.5	**11,452**	9,209
FX hedging fee	**4,315**	-
Loan arrangement fee	**4,146**	-
	86,242	44,704

Notes to the financial statements *(continued)*

10.2 Expense (continued)

Included within Other interest and similar charges is the write off of the unamortised balance of arrangement fees amounting to £1.6m (2017: £6.3m) on the previous bank loan, due to the refinancing of the external loan.

11 Taxation

11.1 Income tax expense

	Group 2018 £000	Group 2017 £000
Current tax		
- Current year	**11,608**	7,258
- Prior year	**297**	-
Deferred tax		
- Charge / (credit) for year – Note 11.3	**2,216**	(2,903)
Net income tax expense	**14,121**	4,355
Tax on items charged or credited to equity – Note 11.3	**(4,035)**	-
Total tax	**10,086**	4,355

11.2 Factors affecting the tax charge

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	Group 2018	Group 2017
Corporate tax rate being the average UK corporation tax rate during the year	**19.00%**	19.25%
	£000	£000
Profit before income tax	**24,210**	24,120
Tax charge at the UK corporate tax rate	**4,601**	4,643
Non-deductible expenditure	**6,205**	771
Tax rate differences	**(409)**	241
Fair value adjustment on acquisition of subsidiaries	**-**	827
Adjustments in respect of previous periods	**1,163**	(1,143)
Movement in unprovided deferred tax	**1,186**	(4,436)
Chargeable gains	**25**	1,253
Extinguished losses	**-**	(14)
Other reconciling items	**(10)**	-
Tax charge for the year before group relief	**12,761**	2,142
Group relief not paid for	**1,360**	2,213
Total tax charge for the year after group relief	**14,121**	4,355

Notes to the financial statements *(continued)*

11.3 Deferred tax

	Group 2018 £000	Group 2017 £000
Movements in deferred tax liabilities were as follows:		
Deferred tax liability brought forward	**6,578**	9,127
Acquired with subsidiaries	**97,363**	354
Released to comprehensive income in year	**(1,819)**	(2,903)
Deferred tax liability carried forward	**102,122**	6,578

The amount arising on acquisition relates to the future taxable profits represented by the identifiable tangible assets in Note 15. This liability is being amortised over the expected useful lives of those assets.

Amounts expensed / (credited) to income statement in the year were as follows:

	Group 2018 £000	Group 2017 £000
Origination and reversal of temporary differences, net	**1,370**	(2,194)
Effect of changes in tax rate on opening liability	**(25)**	240
Adjustments in respect of previous periods	**871**	(949)
	2,216	(2,903)

Amounts credited to the statement of comprehensive income in the year were as follows:

	Group 2018 £000	Group 2017 £000
Origination and reversal of temporary differences, net	**4,035**	-
	4,035	-

The origination and reversal of temporary differences above relates to accelerated capital allowances and potential capital gains resulting from the fair value adjustment to land and buildings within the MRH group, prior to its acquisition by MFG.

There are unrecognised deferred tax assets of £2.0m at the year end (2017: £3.5m)

11.4 Factors that may affect future tax charges

The effective rate of UK corporate tax for the period was as shown above. The UK Government has enacted a further reduction from the present rate of 19% to 17% with effect from 2020.

Notes to the financial statements *(continued)*

12 Company results

	2018 £000	2017 £000
Dividend income from group undertaking	-	134,300
Interest payable on loans from parent undertaking	(8,480)	(14,269)
(Loss) / Profit dealt with in the financial statements of the Company	(8,480)	120,031

13 Property, plant and equipment (Group)

	Freehold land and buildings £000	Leasehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	**Total £000**
Cost					
As at 1 January 2018	386,615	37,922	35,030	6,484	**466,051**
Additions in the year	7,347	3,256	13,987	6,530	**31,120**
Acquired with subsidiaries	974,966	62,030	84,777	1,542	**1,123,315**
Disposals	(4,191)	(169)	(3,392)	(548)	**(8,300)**
Transfer to assets held for sale	(36,581)	(7,158)	-	-	**(43,739)**
As at 31 December 2018	1,328,156	95,881	130,402	14,008	**1,568,447**
Accumulated depreciation					
As at 1 January 2018	8,908	1,255	10,444	846	**21,453**
Charge for the year	6,881	652	13,863	1,715	**23,111**
Disposals	(15)	(12)	(1,589)	(521)	**(2,137)**
Transfer to assets held for sale	(840)	(136)	-	-	**(976)**
As at 31 December 2018	14,934	1,759	22,718	2,040	**41,451**
Carrying amount					
As at 1 January 2018	377,707	36,667	24,586	5,638	**444,598**
As at 31 December 2018	1,313,222	94,122	107,684	11,968	**1,526,996**

Assets held for sale comprise the value of the 38 petrol stations that, under the terms of the agreement with the CMA, the Group was obliged to sell. These sites were marketed towards the end of 2018 and all sales were completed in the first quarter of 2019.

Notes to the financial statements *(continued)*

13 Property, plant and equipment (Group) *(continued)*

The depreciation charges have been included within operating expenses in the Statement of Comprehensive Income. The value of land included in land and buildings which is not depreciated is £925.6m (2017: £211.7m).

These Group assets were pledged in security for the bank loan (Note 22).

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	**Total**
	£000	£000	£000	£000	**£000**
Cost					
As at 1 January 2017	320,507	34,391	29,835	4,209	**388,942**
Additions in the year	34,623	3,314	11,444	2,616	**51,997**
Acquired with subsidiaries	26,975	-	621	156	**27,752**
Disposals	(900)	-	(1,243)	(497)	**(2,640)**
Reclassification	5,410	217	(5,627)	-	**-**
As at 31 December 2017	386,615	37,922	35,030	6,484	**466,051**
Accumulated depreciation					
As at 1 January 2017	5,018	473	5,230	276	**10,997**
Charge for the year	3,917	782	6,382	1,067	**12,148**
Disposals	(27)	-	(1,168)	(497)	**(1,692)**
As at 31 December 2017	8,908	1,255	10,444	846	**21,453**
Carrying amount					
As at 1 January 2017	315,489	33,918	24,605	3,933	**377,945**
As at 31 December 2017	377,707	36,667	24,586	5,638	**444,598**

Notes to the financial statements *(continued)*

14 Intangible assets (Group)

	Goodwill	Brands	Dealer relationships	**Total**
	£000	£000	£000	**£000**
Cost				
As at 1 January 2018	187,597	1,200	15,500	**204,297**
Additions	468	-	-	**468**
Arising on acquisitions	256,292	-	-	**256,292**
As at 31 December 2018	444,357	1,200	15,500	**461,057**
Accumulated amortisation and impairment				
As at 1 January 2018	-	150	1,928	**2,078**
Charge for the year	-	60	775	**835**
As at 31 December 2018	-	210	2,703	**2,913**
Carrying Amount				
As at 1 January 2018	187,597	1,050	13,572	**202,219**
As at 31 December 2018	444,357	990	12,797	**458,144**

The intangible assets arising on acquisition during the year are set out in Note 15.

Goodwill arises on acquisition as the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed (Note 2.5). It represents the present value of future net profits expected from those net assets due to (a) synergies and efficiencies that can be driven from the expanded group and (b) the application of the Group's operational strategy to those assets.

Goodwill is tested for impairment on an annual basis. An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where an asset's carrying value is higher than the recoverable amount, an impairment results. Any amortisation and impairment charges are included in operating expenses in the Statement of Comprehensive Income.

Growth rates and discount rates used in the impairment calculations are determined internally and reviewed and considered for appropriateness on an annual basis.

Recoverable amounts have been measured based on value in use. Forecasts for the remaining life of each asset have been used (maximum 20 years), based on annual budgets and strategic projections representing the best estimate of future performance. The remaining lives are forecast to be 18.5 years for brands and dealer relationships. When testing the continuing carrying value attributed to goodwill, the directors believe that it is appropriate to consider the Group as one cash generating unit (CGU) as fuel and other contracts are not negotiated on a site by site basis.

Notes to the financial statements *(continued)*

14 Intangible assets (Group) *(continued)*

The directors have not identified any plausible changes to key assumptions that would render the recoverable amounts of the intangible assets below their carrying values.

	Goodwill	Brands	Dealer relation-ships	**Total**
	£000	£000	£000	**£000**
Cost				
As at 1 January 2017	165,307	1,200	15,500	**182,007**
Arising on acquisitions	22,290	-	-	**22,290**
As at 31 December 2017	187,597	1,200	15,500	**204,297**
Accumulated amortisation and impairment				
As at 1 January 2017	-	90	1,153	**1,243**
Charge for the year	-	60	775	**835**
As at 31 December 2017	-	150	1,928	**2,078**
Carrying Amount				
As at 1 January 2017	165,307	1,110	14,347	**180,764**
As at 31 December 2017	187,597	1,050	13,572	**202,219**

15 Business combinations

The Group completed the acquisition of MRH Limited in June 2018. CD&R Firefly Bidco Limited acquired the entire share capital of LSF9 Robin Topco Limited, the parent company of the MRH Group, on the 21st June 2018. The Group made the decision to acquire MRH as it was perceived there were significant synergies that could be achieved by combining the two groups. In order to achieve these synergies the operational activities of the two groups were merged. Consequently it is not possible to identify separately the revenues and profits attributable to MRH since the acquisition date, as it was not run as a separate entity post acquisition.

Acquisition related costs have been included within exceptional items.

Notes to the financial statements *(continued)*

15 Business combinations *(continued)*

The acquired assets and liabilities were as follows:

	Book value	Fair value adjustment	**Fair value**
	£000	£000	**£000**
Tangible fixed assets	1,123,315	-	**1,123,315**
Inventories	34,061	-	**34,061**
Trade debtors	9,766	(575)	**9,191**
Other debtors and prepayments	11,312	-	**11,312**
Cash	50,830	-	**50,830**
Trade creditors	(120,469)	(361)	**(120,830)**
Other creditors	(968)	-	**(968)**
Accruals and deferred income	(16,486)	-	**(16,486)**
Corporation tax	(3,395)	-	**(3,395)**
VAT and PAYE	(6,984)	-	**(6,984)**
Bank loan	(560,104)	-	**(560,104)**
Provisions	(15,096)	2,533	**(12,563)**
Deferred tax	(97,363)	-	**(97,363)**
Net assets acquired	**408,419**	**1,597**	**410,016**

	£000
Cash consideration on completion	**666,308**
Net assets acquired per above	**(410,016)**
Goodwill arising	**256,292**

The book value of the tangible fixed assets is based on a revaluation exercise carried out prior to the acquisition of MRH. It is considered that the fair value is not materially different to the book value.

It is considered that the book value of the inventories, which is at cost, is not materially different to the fair value.

Notes to the financial statements *(continued)*

16 Investments

The Company's investment at both 31 December 2018 and 2017 comprises shares in CD&R Firefly Bidco Limited (Note 28).

17 Inventories

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Finished goods - fuel	**61,577**	24,050	-	-
Consumables	**435**	-	-	-
	62,012	24,050	-	-

Inventories expensed in the Statement of Comprehensive Income are shown within cost of sales. Cost of sales is wholly related to the purchase of fuel. All inventories are carried at the lower of cost and net realisable value. No inventories were provided against in the year.

18 Trade and other receivables

	Group 2018	Group 2017 *Restated	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Trade receivables	**76,310**	26,195	-	-
Other receivables	**7,712**	1,450	-	-
Accrued income and prepayments	**9,986**	5,402	-	-
Derivatives – note 23.5	**5,375**	-	-	-
	99,383	33,047	-	-

The directors believe that the carrying value of receivables represents their fair value. In determining the recoverability of a receivable, the directors consider any change in its credit quality from the date credit was granted up to the reporting date.

Notes to the financial statements *(continued)*

18 Trade and other receivables *(continued)*

*There has been a change in accounting policy in the year. Previously, credit card receivables which cleared within a short period of time had been included within trade receivables at the year end. In the 2018 accounts, these have been included within cash and cash equivalents, as it is felt that this is a more appropriate classification. These are known amounts, readily and promptly convertible to cash. The effect in the current year is an increase to cash and cash equivalents, and a decrease to trade receivables of £23.4m (2017: £8.7m). This reclassification does not affect the net assets of the Company. The prior year trade receivables figure has been revised to reflect this adjustment; see below:

	2017 as reported	**Adjustment**	**2017 Restated**
	£000	**£000**	**£000**
Trade and other receivables	41,724	(8,677)	33,047
Cash	46,627	8,677	55,304

Age profile of trade and other receivables past due but not impaired:

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Up to three months	**4,179**	1,381	-	-
Three to six months	**1,412**	465	-	-
Total	**5,591**	1,846	-	-

The largest single receivable at the reporting date is from a fuel card company and as such the concentrated credit risk is considered moderate.

	£000	£000	**£000**	£000
Largest receivable	**15,152**	5,341	-	-

Details of the credit risk management policies are shown in Note 23.6.

Notes to the financial statements *(continued)*

19 Cash and cash equivalents

	Group 2018	Group 2017 *Restated	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Cash and cash equivalents	**82,110**	55,304	**-**	-

The cash and cash equivalents currently earn a minimal level of interest. The directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

*There has been a change in accounting policy in the year. See Note 18 for details and impact on the current and prior year.

20 Trade and other payables

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Trade payables	**241,660**	116,633	**-**	-
Amounts due to parent undertakings	**19**	300	**-**	-
Corporation tax payable	**7,025**	3,523	**-**	-
Other tax and social security	**5,267**	430	**-**	-
Other creditors	**10,120**	5,083	**-**	-
Derivatives - Note 23.5	**836**	3,248	**-**	-
	264,927	129,217	**-**	-
Accruals	**50,013**	10,140	**-**	-
	314,940	139,357	**-**	-
Deferred tax - Note 11.3	**102,122**	6,578	**-**	-
Borrowings - Note 22	**1,523,749**	608,006	**-**	84,797
	1,625,871	614,584	**-**	84,797

The Company's borrowings were fully repaid in June 2018 as part of the Group refinancing.

Notes to the financial statements *(continued)*

21 Provisions

	Onerous Lease	Environmental provision	Total
	£000	£000	£000
Beginning of year	-	-	-
Acquired with subsidiaries	4,623	7,940	**12,563**
Utilised in the year	(693)	-	**(693)**
Released in the year	-	(425)	**(425)**
	3,930	**7,515**	**11,445**

The onerous lease provision relates to 'above market' fuel contracts recognised on business combinations.

The provision for environmental costs is in respect of estimated investigation and remediation costs of freehold and leasehold properties.

22 Borrowings

	Group 2018	Group 2017	Company 2018	Company 2017
	£000	£000	£000	£000
Non-current				
Loans from immediate parent undertaking	-	84,796	-	84,797
Secured bank loan	**1,463,749**	463,210	-	-
Secured bank overdraft	**60,000**	60,000	-	-
Total borrowings	**1,523,749**	608,006	-	84,797

Notes to the financial statements *(continued)*

22 Borrowings *(continued)*

The earliest that the lenders of the above non-current borrowings require repayment is as follows:

Between two and five years:				
Secured bank loan	-	463,210	-	-
Secured bank overdraft	**60,000**	60,000	-	-
	60,000	523,210	-	-
After five years:				
Secured bank loan	**1,463,749**	-	-	-
Loans from immediate parent undertaking	-	84,796	-	84,797
	1,463,749	84,796	-	84,797

In June 2018 the Group's previous bank loan and parent company loan were fully repaid as part of the refinancing associated with the funding of the acquisition of MRH.

The new banking arrangements comprise:

- £700m senior secured loan B1 facility – interest of 4.5% over LIBOR, subject to certain conditions, repayable in 2025
- €565m senior secured loan B2 facility – interest of 3.5% over EURIBOR, subject to certain conditions, repayable in 2025
- £230m senior secured revolving credit facility (RCF) – interest of 3.25% over LIBOR, facility available until 2024, amounts repayable at the end of each interest period unless rolled over
- £50m senior secured letter of credit facility, facility available until 2024
- £285m second lien term loan facility – interest of 7.75% over LIBOR, repayable in 2026

At year end the drawn balance on the RCF was £60m and this was repaid in the first quarter of 2019.

One of the conditions subsequent to the availability of the facilities referred to above was that the Group companies grant to the Security Agent a standard security over the properties held by the Group.

Notes to the financial statements *(continued)*

23 Financial instruments

There is an exposure to the risks that arise from the financial instruments. The policies for managing those risks and the methods to measure them are described in Note 4. Further information in respect of these risks is presented below and throughout these Financial Statements.

23.1 Capital risk management

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 22.

23.2 Principal financial instruments

The principal financial instruments were as follows:

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Trade and other receivables	**84,022**	27,645	-	-
Trade and other payables	**264,908**	128,917	-	-
Cash and cash equivalents	**82,110**	55,304	-	-

23.3 Financial assets

The following financial assets were held, all classified as loans or receivables:

	Group 2018	Group 2017	**Company 2018**	Company 2017
Cash and cash equivalents	**82,110**	55,304	-	-
Trade receivables	**76,310**	26,195	-	-
Other receivables	**7,712**	1,450	-	-
Assets held for sale	**42,763**	-	-	-
	208,895	82,949	-	-

Notes to the financial statements *(continued)*

23 Financial instruments *(continued)*

23.4 Financial liabilities

The following financial liabilities were held, all classified as other financial liabilities:

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Trade payables	**241,660**	116,633	-	-
Loans	**1,523,749**	608,006	-	84,797
	1,765,409	724,639	-	84,797

23.5 Market risk – derivatives

There is an exposure to the market risk of changes in interest rates arising from borrowings. Loans with variable rates expose the Group to cash flow interest rate risk.

Up to June 2018 the Group mitigated this risk through a 5 year derivative financial instrument, comprised of a "floor and cap arrangement" effective from July 2015 of £260m for years 1 and 2 and an interest swap of £185m for years 3 to 5. These derivatives were still in place at 31 December 2018.

In June 2018 the Group entered into a number of transactions to hedge against currency and interest rate exposure on the new debt. These comprise:

- Currency exposure hedging of the Euro debt tranche (total €565.44m), in place until December 2020,
- Interest rate hedging - swaps covering a total of £500m of debt, in place until December 2020,
- Interest rate cap – initially covering £550m of debt, reducing to £200m in 2019 and £50m in 2020.

All financial instruments are level 2, as defined in Note 4.4. They are valued using mark-to-market on a quarterly basis. The relevant fair values are as follows:

Notes to the financial statements *(continued)*

23 Financial instruments *(continued)*

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Liability brought forward	**3,248**	3,731	-	-
Movements in year:				
- Interest rate cap	**47**	(235)	-	-
- Interest rate swap	**(2,459)**	(248)	-	-
Liability carried forward	**836**	3,248	-	-

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Asset brought forward	-	-	-	-
Movements in year:				
- Interest rate swap	**7**	-	-	-
- Currency swap	**5,368**	-	-	-
Asset carried forward	**5,375**	-	-	-

23.6 Credit risk

Careful consideration is given to choice of bank to hold the Group's cash balances in order to minimise credit risk. Cash is held with a number of major UK banks, and the amounts held at the reporting date can be seen in the financial assets table (Note 23.3). All cash and equivalents were denominated in UK sterling.

There was no significant concentration of credit risk at the reporting date other than as described at Note 18.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

The Group mitigates credit risk for dealerships and commission sales, where considered necessary, by holding cash bonds as security.

Notes to the financial statements *(continued)*

23 Financial instruments *(continued)*

23.6 Credit risk (continued)

The Group mitigates credit risk for dealerships and commission sales, where considered necessary, by holding cash bonds as security.

23.7 Liquidity risk management

The directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cashflow forecasts and medium term working capital projections. The forecasts reflect the Group's debt finance plans and covenant compliance.

23.8 Maturity of financial assets and liabilities

All of the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in Note 22.

24 Share capital

At both 31 December 2018 and 2017 the Company had in issue one Ordinary share of £1.

In June 2018 additional equity was injected by way of a capital contribution in the amount of £299,751,000 in connection with the funding of the acquisition of MRH.

25 Ultimate controlling party

The immediate parent undertaking is CD&R Firefly 3 Limited, registered in England and Wales.

The UK parent undertaking drawing up consolidated financial statements which include the results of the Group is CD&R Firefly Holdco Limited. Those financial statements are available from Companies House and directors' interests in the Group are disclosed therein.

In the opinion of the directors the ultimate controlling party is the ultimate parent company, CD&R Firefly Holdings Sàrl, registered in Luxembourg.

Notes to the financial statements *(continued)*

26 Reconciliation of movement in shareholder funds

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Brought forward	**5,277**	(14,488)	**87,387**	(32,644)
Total comprehensive profit/ (loss) for the year	**14,124**	19,765	**(8,480)**	120,031
Capital Contribution	**299,751**	-	**299,751**	-
Carried forward	**319,152**	5,277	**378,658**	87,387

27 Related party transactions

27.1 Remuneration of key personnel

Disclosures required in respect of IAS24 Related Party Disclosures regarding remuneration of key management personnel are covered by the disclosure of directors' remuneration in Note 9.3.

27.2 Loans with related parties

Loans, since settled in full, had been made to the Group by the immediate parent undertaking.

Interest accrued in the year is disclosed in Note 10.2.

28 Principal subsidiaries

At 31 December 2018 the Company owned 100% of the issued shares of the following Subsidiaries, all incorporated in England & Wales except where indicated:

Directly Held	**Company Number**	**Subject to Audit**
CD&R Firefly Bidco Limited	09580601	Yes

Notes to the financial statements *(continued)*

28 Principal subsidiaries *(continued)*

Indirectly Held	Company Number	Subject to Audit
LSF9 Robin Topco Limited	09770836	Exempt
Scimitar Topco Limited	07869343	Exempt
Scimitar Midco Limited	07777382	Exempt
Scimitar PFS1 Limited	07777403	Dormant
Motor Fuel Group Limited	06231901	Dormant
Motor Fuel Limited	05206547	Exempt
St Albans Operating Company Limited	09146965	Exempt
St Albans Dealership Company Limited	09147000	Exempt
Highway Stops Limited	02409154	Dormant
Fuel Stops UK Limited	04511403	Dormant
Motor Fuel (No.1) Limited	06523149	Dormant
Motor Fuel (No. 2) Limited	09581137	Dormant
Roadside Group Limited	03079092	Exempt
Elite Fuels Limited	03080543	Exempt
Scorpion Topco Limited	08575174	Dormant
Scorpion Midco Limited	08575198	Dormant
Scorpion PFS1 Limited	08476359	Dormant
Leopard No 2 Investments Limited (Incorporated in Scotland)[1]	SC342459	Dormant
Leopard PEL Limited	03391904	Dormant
Thames Rico Limited	01027878	Dormant
Thames Rico Service Stations Limited	00477257	Dormant
Bond Hamill Limited	04920642	Dormant
Freeheart Limited	04660995	Dormant
Kerr 1 Limited	10717536	Exempt
Kerr 2 Limited	00687187	Exempt
Burns & Co Limited	01454826	Exempt
Manor Service Stations Limited	01938740	Exempt
LSF9 Robin Midco Limited	09770842	Exempt
LSF9 Robin Newco 1 Limited	10491759	Exempt
LSF9 Robin Newco 2 Limited	10501307	Exempt
LSF9 Robin Investments Limited	09770848	Exempt
MRH (GB) Limited	06360543	Exempt
Malthurst (UK) Limited	03473591	Exempt
Retro Properties Limited	05179558	Exempt
Lupo Limited	05166720	Exempt
BNV Limited	08210135	Exempt
Malthouse Estates Limited	08328610	Exempt
Malthurst South East Limited	09471633	Exempt
Malthurst Anglia Limited	09471584	Exempt

Notes to the financial statements *(continued)*

28 Principal subsidiaries *(continued)*

Refined Estates Trading Limited	06379764	Dormant
Malthurst Properties Limited	06360537	Dormant
Refined Petroleum Trading Limited	06379865	Dormant
Refined Estates Limited	04193995	Dormant
Refined MP Limited	02847780	Dormant
Refined Petroleum Limited	04998448	Dormant
Refined Holdings Limited	05193623	Exempt
Malthurst Retail Limited	03313799	Yes
Malthurst Petroleum Limited	00762360	Yes
Malthurst Limited	03445529	Yes
Chartman Holdings Limited	09892309	Exempt
Chartman Limited	02192424	Exempt
Clearwater Investors Limited (Bermuda)	FC028849	No
Peregrine Retail Limited	03327423	Yes
Kennet Limited	SC086158	Dormant
Malthurst Services Limited	03700779	Dormant
Matrix (Highlands) Limited	02558700	Exempt
Isle of Wight Fuels Limited	08011071	Yes
Malthurst Fuels Limited	04526281	Dormant
Roberts Garages Limited (Jersey)[2]	15450	Yes
Petroleum Distributions Limited (Jersey)[3]	4103	Exempt
PDR Limited (Jersey)[3]	114694	Exempt
MB Boiler Services Limited (Jersey)[3]	46167	Exempt
Guernsey Petroleum Distributions Limited (Guernsey[4]	615	Exempt
RGF Limited (Jersey)[2]	118854	Yes
Mitha Forecourts Limited	05303330	Exempt
RFF Limited	08318618	Exempt
Zain Investments Limited	FC033560	Exempt
Spring Petroleum Company Limited	04342974	Exempt
Haley Hill Service Station Limited	04151848	Dormant
Mercury Forecourts Limited	06605317	Dormant

The principal retail trade is carried out by Motor Fuel Limited. The dealer trade is carried out by St Albans Operating Company Limited. The other companies which trade are either holding companies or property rental companies.

The Company also indirectly controls the following partnerships and the Group is entitled to 100% of any distributions:

Goldstar Fuel LLP	OC 354035	Exempt
Goldstar FSL LLP	OC 357674	Exempt

Notes to the financial statements *(continued)*

28 Principal subsidiaries *(continued)*

All subsidiary undertakings are incorporated in England and Wales unless otherwise stated and, if trading, have been included in the consolidation.

The registered office for all subsidiary undertakings is Gladstone Place, 36 – 38 Upper Marlborough Road, St Albans, Hertfordshire, United Kingdom, AL1 3UU with the exception of the following:

[1] 3 St David's Business Park, Dunfermline, Fife, United Kingdom, KY11 9PF

[2] Springfield Road, St Helier, Jersey, JE2 4LE

[3] La Collette, St Helier, Jersey, JE2 3NB

[4] Bulwer Avenue, St Sampson, Guernsey, GY2 4LF

The Subsidiaries shown as exempt have taken the exemption in Section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual financial statements to be audited.

The guarantees given by the Company under section 479C of the Act are disclosed in Note 30.

29 Operating lease arrangements

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	Group 2018	Group 2017	**Company 2018**	Company 2017
	£000	£000	**£000**	£000
Land and buildings				
Within one year	**8,469**	1,601	-	-
In the second to fifth years inclusive	**29,894**	4,640	-	-
After fifth year	**78,913**	31,442	-	-
	117,276	37,683	-	-

There are 176 land and buildings leases in place at the year end, 98 of which are long leases (longer than 25 years), 74 of which are short leases, and 4 are rolling leases.

Notes to the financial statements *(continued)*

30 Contingent liabilities and guarantees

Under the terms of the secured bank loans, all entities in the Group guarantee the bank debts of the Group.

In accordance with Section 479C of the Companies Act 2006, the Company has provided a guarantee over the liabilities of certain Subsidiaries as shown in Note 28.

31 Post Balance Sheet Events

Under the terms of the CMA investigation the Group was obliged to sell 38 petrol stations. These sites were marketed towards the end of 2018 and all sales were completed in the first quarter of 2019.