CD&R Firefly 4 Ltd

REPORT AND FINANCIAL STATEMENTS

Period from 17 April to 31 December 2015

Company 09547863

Company Information

DIRECTORS	William Bannister Simon Lane Gregory Lai Marco Herbst
REGISTERED OFFICE	Cleveland House 33 King Street London SW1Y 6RJ
AUDITOR	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

Contents

Strategic Report

The Directors present their Strategic Report for CD&R Firefly 4 Ltd (**the Company**) and its subsidiaries, (together, **the Group**) together with the group financial statements, for the period from 17 April to 31 December 2015. The Company was incorporated as Bottlehurst Ltd on 17 April 2015, was renamed as CD&R Firefly 4 Ltd on 2 June 2015 and commenced trading on 16 July 2015.

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 petrol forecourt retailing.

Business review

The Company was formed when Clayton Dubilier and Rice LLP (**CD&R**) acquired a controlling interest in Scimitar Topco Ltd on 16 July 2015 from Patron Scimitar Holding Sàrl, for cash consideration of £397m. 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.

The Company became one of a series of intermediate holding companies over Scimitar Topco Ltd. Scimitar Topco Ltd is in turn the parent company of Motor Fuel Group (**MFG**) which had grown over a number of years up to the point of acquisition to be one of the leading independent forecourt operators in the UK.

The Group now aims to become the most dynamic and profitable independent forecourt operator. Service stations operate under the BP, Shell, Texaco, Jet and Murco brands and through a commission operator scheme which provides an attractive and expanding forecourt shop offer. The Group provides customers with good quality, competitively priced fuels together with a convenient and competitive shopping experience.

These group financial statements have been prepared for the period from incorporation to 31 December 2015. Consequently there are no comparative numbers; year-on-year trends of the underlying businesses can be seen in the group financial statements of Scimitar Topco Ltd.

These group financial statements have been prepared with reference to the Walker Guidelines for Disclosure and Transparency in Private Equity.

Results and performance

The Group made a loss for the period after taxation of £13.5m. The Directors are unable to recommend a dividend, and that loss has been transferred to retained losses.

Over the period the Group has grown the size of the network and has developed the forecourt offering for both fuel and non-fuel products.

At 31 December 2015 the Group had net liabilities of £13.5m, net current liabilities of £23.6m and net borrowings of £474.6m.

The Group is financed through a combination of debt and equity. In July 2015 the Group entered a seven year £300m senior secured loan and a £60m senior secured revolving credit facility. At 31 December 2015 the debt net of set-up fees on that facility consisted of £292.8m repayable in July 2022, whilst the revolving facility had not been drawn. The Group is compliant with all covenants under the loan agreement, and monitors compliance on a regular basis.

At the end of the period the number of petrol stations was 372, including the acquisition of 73 Shell-branded sites between July and October 2015.

The Group continually monitors the performance of sites and continues to invest in them. A rebranding exercise was undertaken during the period which has contributed to growth in both customer footfall and the number of transactions.

The Group works with a number of carefully selected partners to provide an added value experience for its customers. The main fuel partners are BP, Shell UK Oil Products, Phillips 66 (Jet), and Valero Energy (Texaco); other key partners are Visa Europe Services, Costcutter Supermarkets and Whitbread (Costa Coffee).

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, revenues, gross profit and stock days, as well as by the number of operational sites. Additional KPIs are used by different parts of the business as required.

The Group is focused on increasing sales volume, managing controllable costs and achieving efficiency improvements. Turnover was £611.1m, gross profit £39.7m and operating profit £5.6m.

The Group also focuses on the management of working capital and in particular inventory. Inventory days were 5.6 days at the end of 2015.

Payment of trade payables

The Group has a number of fuel contracts with varying credit terms but in general supplier payment terms are for 30 days following receipt of invoice. Creditor days at the end of 2015 were 21.3 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 ability to deliver growth. The Directors and senior management constantly review performance and revisit strategy accordingly to ensure that staff focus on the key priorities to minimise this risk.

Competitor risk

The industry the Group operates in is highly competitive as customers become more 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 results which may be material. To manage this risk the Group performs regular supplier reviews.

Credit risk

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.

Liquidity risk

The Group uses a mixture of long-term and short-term debt finance in order to maintain liquidity, ensuring that there are sufficient funds available for ongoing operations and future developments.

Interest rate cash flow risk

The Group is leveraged and is therefore exposed to rising interest rates. To mitigate this, the Group has entered into cap and swap arrangements to limit its exposure to uncertainty of future interest cash flows.

Use of financial instruments

The financial instruments include interest rate cap and swap arrangements. Information about their use is given in Note 22 to the group financial statements.

Future developments

The new financial year has started well for the Group, and the Directors intend to focus on consolidating market share, seeking new opportunities and building on the growth and momentum created by the Shell sites acquisition in 2015. Two stations have already been acquired and the Directors expect to acquire more as opportunities become available.

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 operating personnel as well as for customers.

The number of employees by gender at 31 December 2015 was as follows:

	Male	Female	Total
Directors	2	-	2
Senior managers	4	-	4
Other employees	38	15	53
Total	44	15	59

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 as far as practical. 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.

Community

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
- Ensure adherence to 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.

WILLIAM BANNISTER (Chief Executive Officer and Director)

Date 26 May 2016

Directors' Report

The Directors present their report and audited consolidated financial statements of CD&R Firefly 4 Ltd (**the Company**) and its subsidiaries, (together, **the Group**) for the period from incorporation on 17 April to 31 December 2015.

Results for the period, financial risk management and future developments of the Group and the Company can be found in the Strategic Report on pages 3 to 7.

Dividends

No dividends were paid in the period and the Directors have not declared a dividend for the period.

Charitable and political donations

The Group made £3,000 of contributions to charitable causes during the period. There were no political contributions.

Directors

The following persons served as Directors during the period:

• Gregory Lai	appointed 29 May 2015
• Marco Herbst	appointed 29 May 2015
• Theresa Gore	appointed 29 May 2015; resigned 16 July 2015
• Adrian Levy	appointed 17 April 2015; resigned 29 May 2015
• David Pudge	appointed 17 April 2015; resigned 29 May 2015

Gregory Lai and Marco Herbst are employees and representatives of CD&R who manage the investment in the Group on its behalf, through the structure explained within the business review section of the Strategic Report.

On 29 February 2016 William Bannister and Simon Lane were appointed as directors.

Key management personnel

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

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

Directors' responsibilities in the preparation of financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial period. The Directors have elected under company law to prepare group and the company financial statements in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union (**the EU**).

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group and the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing each of the group and company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

Auditor

Each director at the date of approval of this report and financial statements confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

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

RSM UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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

WILLIAM BANNISTER (Chief Executive Officer and Director)

Date 26 May 2016

Independent Auditor's Report to the members of CD&R Firefly 4 Ltd

We have audited the group and parent company financial statements (**the financial statements**) on pages 13 to 48. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (**IFRSs**) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

MARK HARWOOD (Senior Statutory Auditor)

For and on behalf of

RSM UK AUDIT LLP,

Statutory Auditor

Chartered Accountants

25 Farringdon Street, London EC4A 4AB

Date 26 May 2016

CD&R Firefly 4 Ltd

Consolidated Statement of Comprehensive Income

Period from 17 April 2015 to 31 December 2015

	Note	Group 2015 £m
Continuing operations		
Revenue	6	**611.1**
Cost of sales		**(571.4)**
Gross profit		**39.7**
Non-exceptional operating expenses	7	**(16.5)**
Exceptional operating expenses	7	**(17.6)**
Total operating expenses		**(34.1)**
Operating profit		**5.6**
Finance income	10	**0.7**
Finance costs	10	**(19.7)**
Loss before income tax		**(13.4)**
Income tax expense	11	**(0.1)**
Loss for the period		**(13.5)**
Other comprehensive income, net of tax		**-**
Total comprehensive loss for the period attributable to equity owners of Parent		**(13.5)**

This statement reflects the period from incorporation on 17 April 2015. Trading commenced on 16 July 2015.

Using the exemption under s408 of the Companies Act 2006, the Parent statement of comprehensive income is not shown (see Note 12).

CD&R Firefly 4 Ltd (Company 9547863)

Consolidated Statement of Financial Position

31 December 2015

	Note	Group 2015 £m	Company 2015 £m
Assets			
Non-current assets			
Property, plant and equipment	13	321.8	-
Intangible assets	14	167.6	-
Investments	16	-	172.2
Total non-current assets		489.4	172.2
Current assets			
Inventories	17	16.6	-
Trade and other receivables	18	22.6	-
Cash and cash equivalents	19	17.0	-
Total current assets		56.2	-
Total assets		545.6	172.2
Liabilities			
Trade and other payables	20	78.8	-
Accruals	20	1.0	-
Total current liabilities		79.8	-
Net current liabilities		(23.6)	-
Deferred tax liability	20	4.7	-
Borrowings	21	474.6	181.8
Total non-current liabilities		479.3	181.8
Total liabilities		559.1	181.8
Net liabilities		(13.5)	(9.6)
Equity			
Share capital	23	-	-
Retained loss	25	(13.5)	(9.6)
Deficit attributable to equity owners of Parent		(13.5)	(9.6)

The financial statements have been approved by the Board of Directors and authorised for issue on 26 May 2016, and are signed on its behalf by:

WILLIAM BANNISTER (Chief Executive Officer and Director)

CD&R Firefly 4 Ltd

Consolidated Statement of Changes in Equity

Period from 17 April 2015 to 31 December 2015

		Group		
		Share capital	Retained loss	**Deficit attributable to equity owners of Parent**
	Note	£m	£m	**£m**
As at 17 April 2015		-	-	-
Total comprehensive loss for the period		-	(13.5)	**(13.5)**
Transactions with owners of Parent in their capacity as owners:				
Share issue	23	-	-	-
As at 31 December 2015		-	**(13.5)**	**(13.5)**

CD&R Firefly 4 Ltd

Consolidated Statement of Cash Flows

Period from 17 April 2015 to 31 December 2015

	Note	Group 2015 £m	Company 2015 £m
Net cash flows from operating activities			
Loss before income tax		(13.4)	(9.6)
Non-cash adjustments			
Depreciation and amortisation	7	3.5	-
Profit on disposal of property, plant and equipment		(0.6)	-
Net finance costs		19.0	9.6
Working capital adjustments			
Increase in inventories	17	(3.4)	-
Decrease in trade and other receivables		3.5	-
Increase in trade and other payables		10.3	-
Cashflow generated by operating activities		18.9	-
Interest paid	10	(19.7)	(9.6)
Net cash used by operations		(0.8)	(9.6)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(91.1)	-
Disposal of property, plant and equipment	13	6.8	-
Interest received	10	0.7	-
Acquisition of subsidiary, net of cash acquired	15	(222.0)	(172.2)
Acquisition of subsidiary, deferred tax	11	4.6	-
Net cash used by investing activities		(301.0)	(172.2)
Cash flows from financing activities			
Proceeds from borrowings	21	318.8	181.8
Net cash generated by financing activities		318.8	181.8
Net increase in cash and equivalents		17.0	-
Cash and cash equivalents brought forward		-	-
Cash and cash equivalents carried forward	19	17.0	-

1 General information

CD&R Firefly 4 Ltd (**the Company** or **the Parent**) is a limited liability company incorporated and domiciled in the UK.

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 applied in the preparation of these consolidated financial statements 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 Interpretations Committee (**IFRIC**) 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 is presented in pounds sterling (**£**) and amounts are generally expressed in thousands (**£'000**) or millions (**£m**), 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.

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, notwithstanding the net liabilities shown in the statement of financial position, 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 debt is due for repayment in 2022 as set out in Note 21.

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 2017. 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.

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 period 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 have been allocated to pre and post-acquisition periods as set out in Note 5.6.

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 and associated undertakings 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. Acquisition-related costs are recognised in profit or loss as incurred.

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. 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 profit or loss as a bargain purchase gain.

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

See Notes 2.10 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. These intangible assets had been acquired previously by Scimitar Topco Ltd, a Subsidiary.

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:

- 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: 15% reducing balance

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.

2.9 Revaluation of land and buildings

Group policy is not to revalue land and buildings.

During the period an independent expert was engaged to value the property portfolio acquired with Scimitar Topco Ltd in July 2015. This work was completed around the time of the acquisition and these values are the deemed cost on acquisition.

2.10 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.

2.11 Inventories

Inventories are primarily 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.

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.

2.12 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 calculated and invoiced on a quarterly basis in arrears.

Any element of consideration contingent upon future events is included in sales to the extent that future significant reversal is highly improbable (IFRS 15 *Revenue from Contracts*).

The Company also receives management fees and rental income from other companies in the Group, which are recognised over the relevant period.

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.

2.13 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.

2.14 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 period.

a) Current tax

Current tax is based on taxable income for the period 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 period 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.

2.15 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.

2.16 Payroll expense and related contributions

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

2.17 Pension costs and other employee benefits

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

2.18 Dividends

Dividends are recognised as a liability at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

2.19 Accounting developments

At the date of approval of these consolidated financial statements, the following Standards and Interpretations which have not been applied were in issue but not yet effective:

- IFRS 2 (amended) Share-based Payment
- IFRS 5 Non-current assets held for sale and discontinued operations
- IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Liabilities
- IFRS 8 (amended) Operating Segments
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 (amended) Fair Value Measurement
- IFRS 15 Revenue from Contracts
- IFRS 16 Leases
- IAS 1 Disclosure Initiative
- IAS 19 (revised) Employee Benefits
- IAS 24 (revised) Related Party Disclosures
- IAS 27 Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- IAS 34 Interim Financial Reporting
- IAS 38 (amended) Depreciation and Amortisation

The Directors are still assessing the potential impacts of IFRS 15 and IFRS 16, and have assessed that the remaining Standards and Interpretations would not have a material effect on the presentation of the consolidated financial statements in the period of initial application or subsequently.

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.

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.

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 profit or loss.

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.

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 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 22.5.
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.
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 reserve 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.

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 and include:

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.

5.2 Impairment of assets

The impairment review process involves the Directors making judgements about, inter alia, future cash flows and the discount rate to be applied to those cash flows. This is done on each reporting date as set out in Note 2.10.

5.3 Segments

The Directors consider that the revenues and the profit or loss of the Company are attributable to the one principal activity of acting as an intermediate holding company to a group of companies. The principal activity of the Group is petrol forecourt retailing, as set out in Note 2.12.

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 Exceptional operating items

Income or expenses whose nature or materiality, in the opinion of the Directors, is outside the normal course of business are shown as exceptional operating items. They have been shown separately due to the significance of their nature and amount in order to provide further understanding of the financial performance of the Group.

5.6 Acquisitions

The Group has made significant acquisitions during the period. The assessment of the value of the assets and liabilities is inherently judgemental. For the Scimitar Topco Ltd acquisition, revenue and costs of the trading Subsidiaries for the full year have been allocated to pre and post-acquisition periods based on an apportionment of fuel volumes (Note 2.3).

6. Segmental analysis

All revenue and profits arise from one business stream, being petrol forecourt retailing which includes associated commission overriders 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 is possible.

7. Operating expenses

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

	Group 2015 £m
Employee costs - Note 9	3.0
Establishment and general:	
Profit on disposal of property, plant and equipment	(0.6)
Auditor's remuneration - Note 8	0.1
Operating lease costs - land and buildings	5.0
Rent receivable	(0.3)
Depreciation of owned property, plant and equipment - Note 13	3.1
Amortisation and impairment of intangible assets - Note 14	0.4
Other operating expenses	5.8
Total non-exceptional operating expenses	16.5
Exceptional operating expenses	17.6
Total operating expenses	34.1

The exceptional operating expenses comprised the following:

Acquisition of Subsidiary - transaction costs	16.2
Asset purchase transaction costs	1.1
Business reorganisation costs	0.3
	17.6

Transaction costs primarily comprise legal and professional fees related to the particular transaction.

The effects of the exceptional items reported after operating profit on the amounts of taxation were as follows:

Decrease in taxation payable	3.5

8. Auditor's remuneration

	Group 2015 £m
The Group obtained the following services from the auditor and its associates:	
Audit of the Parent and consolidated financial statements	-
Audit of Subsidiaries' financial statements	0.1
Total auditor's remuneration	0.1

9. Employees and remuneration

9.1 *Number of employees*

	Group 2015 Number
Monthly average number of employees (including directors):	
Administration	43
Retail	9
	52

The business operates a commission operator business model. As such, site staff are employed by commission operators and therefore not included above.

9.2 *Remuneration*

	£m
Aggregate remuneration of employees (including directors):	
Wages and salaries	2.3
Social security costs	0.3
Pension contributions	0.4
	3.0

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.

9.3 *Directors' remuneration*

	Group 2015 £m
Remuneration of the Directors and key members of management within statement of comprehensive income:	
Wages and salaries	1.5
Social security costs	0.2
Pension contributions	0.3
	2.0
Short-term remuneration of highest paid director.	0.5

There are no transactions with any Director in the period which require disclosure.

10. Finance income and expense

		Group 2015 £m
10.1	*Income*	
	Other interest and similar income	0.7
10.2	*Expense*	
	Bank interest payable	9.3
	Interest payable on loans from parent undertaking	9.6
	Other interest and similar charges	0.6
	Fair value expense on derivatives - Note 22.5	0.2
		19.7

11. Taxation

	Group 2015 £m
11.1 *Income tax expense*	
Current tax	
Current period	-
Deferred tax	
Current period - Note 11.3	0.1
Net income tax expense	0.1

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:

Corporate tax rate being the average UK corporation tax rate during the period	20.0%
	£m
Loss before income tax	(13.4)
Tax credit at the UK corporate tax rate	(2.7)
Non deductible expenditure / (non-taxable income)	1.5
Movement in unprovided deferred tax	0.6
Tax credit for the period before group relief	(0.6)
Group relief not paid for	0.7
Tax charge for the period after group relief	0.1
Tax losses carried forward	0.1

11.3 *Deferred tax*

	Group 2015 £m
Movements in the deferred tax liability were as follows:	
Deferred tax asset brought forward	-
Acquired with Subsidiaries	(1.3)
Arising on acquisition of Subsidiaries	(3.3)
Expensed to comprehensive income in period	(0.1)
Deferred tax liability carried forward	(4.7)

The charge above relates to accelerated capital allowances and potential capital gains resulting from the revaluation of land and buildings. The properties are held within the Subsidiaries.

The amount arising on acquisition relates to the future profits represented by the identifiable intangible assets in Note 15.1. This liability is being unwound over the expected useful lives of those assets.

There were no unrecognised deferred tax assets.

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 reductions to 19% and 18% with effect from 2017 and 2020 respectively, and has subsequently announced plans for a further reduction to 2020 from 18% to 17%.

12. Parent results

	£m
Loss dealt with in the financial statements of the Company	(9.6)

13. Property, plant and equipment (Group)

	Land and buildings	Plant and machinery	Fixtures and fittings	**Total**
	£m	£m	£m	**£m**
Cost or valuation				
As at 17 April 2015	-	-	-	-
On acquisition	217.3	21.5	1.2	**240.0**
Additions in the period	89.6	1.2	0.3	**91.1**
Disposals	(5.9)	(0.4)	-	**(6.3)**
As at 31 December 2015	301.0	22.3	1.5	**324.8**
Accumulated depreciation				
As at 17 April 2015	-	-	-	-
Charge for the period	1.5	1.5	0.1	**3.1**
Disposals	-	(0.1)	-	**(0.1)**
As at 31 December 2015	1.5	1.4	0.1	**3.0**
Carrying amount				
As at 17 April 2015	-	-	-	-
On acquisition	217.3	21.5	1.2	**240.0**
As at 31 December 2015	299.5	20.9	1.4	**321.8**

The land and buildings are generally either long leasehold or freehold properties.

The depreciation charges have been included in operating expenses in the statement of comprehensive income. The value of land included in land and buildings which is not depreciated is £85.3m.

In the opinion of the directors, having taken appropriate professional advice from industry specialists, there is no material difference between the current existing-use open market value of the land and buildings and their carrying values.

These Group assets were pledged in security for the bank loan (Note 21).

14. Intangible assets (Group)

	Goodwill	Brands	Dealer relation-ships	**Total**
	£m	£m	£m	**£m**
Cost or valuation				
As at 17 April 2015	-	-	-	-
Arising on acquisition	151.3	1.2	15.5	**168.0**
As at 31 December 2015	151.3	1.2	15.5	**168.0**
Accumulated amortisation and impairment				
As at 17 April 2015	-	-	-	-
Charge for the period	-	-	0.4	**0.4**
As at 31 December 2015	-	-	0.4	**0.4**
Carrying Amount				
As at 17 April 2015	-	-	-	-
As at 31 December 2015	151.3	1.2	15.1	**167.6**

The intangible assets arose on the share acquisition set out in Note 15. The brand portfolios and dealer relationships were valued professionally, as explained in that Note.

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) taking on an assembled and trained workforce, (b) synergies and efficiencies that can be driven from the expanded group and (c) the application of the Group's operational strategy to those assets.

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where it 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. The intangible assets were tested for impairment, with no charges resulting.

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 19.5 years.

The estimated cash flows are based on anticipated revenues from the acquired assets, with an expected attrition rate based on historic observed rates, and discounted at the Group's weighted average cost of capital, estimated at 10.6%.

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.

15. Business combinations

15.1 *Acquisition of Scimitar Topco Ltd*

The Company started trading in July 2015 when it acquired 100% of the shares of Scimitar Topco Ltd. As required under IFRS 3 *Business Combinations* the £16.2m costs associated with the acquisition of this subsidiary have been expensed as exceptional operating costs in the period. The acquisition was funded through the issue of equity and debt through a series of newly created intermediate holding companies over the Group. The assets and liabilities acquired were as follows:

	Book value	Fair value adjustment	**Fair value**
	£m	£m	**£m**
Tangible fixed assets	240.0	-	**240.0**
Brands	-	1.2	**1.2**
Dealer relationships	5.7	9.8	**15.5**
Inventories	13.2	-	**13.2**
Debtors	19.8	-	**19.8**
Prepayments	6.3	-	**6.3**
Cash	24.3	-	**24.3**
Creditors	(62.5)	-	**(62.5)**
Accruals	(4.3)	-	**(4.3)**
VAT and PAYE	(1.6)	-	**(1.6)**
Corporation tax	(0.9)	-	**(0.9)**
Deferred tax	(1.3)	(3.3)	**(4.6)**
Bank loans	(155.8)	-	**(155.8)**
Net assets acquired	82.9	7.7	**90.6**

The business combination has been recognised as follows:

	£m
Cash consideration on completion	**396.7**
Stamp duty	**1.0**
	397.7
Repayment of debt	**(155.8)**
Net assets acquired per above	**(90.6)**
Goodwill arising	**151.3**

15.1 *Acquisition of Scimitar Topco Ltd (continued)*

The post-acquisition results of the acquiree in the period of acquisition, together with estimated results for the full year if the acquisition had been on 1 January 2015, were as follows:

	Revenue	Net (loss)/ profit
	£m	£m
Post-acquisition results	611.1	(13.4)
Estimated results for full year	1,089.6	3.5

16. Investments

	Group 2015 £m	Company 2015 £m
Cost and carrying amount		
Additions	-	172.2
Carried forward	-	172.2

The Company holds shares in the Subsidiaries as set out in Note 27.

17. Inventories

	Group 2015 £m	Company 2015 £m
Finished goods - fuel	16.6	-

Inventories expensed in the statement of comprehensive income are shown within cost of sales. All inventories are carried at the lower of cost and net realisable value. No inventories were provided against in the period.

18. Current receivables

	Group 2015	Company 2015
	£m	£m
Trade receivables	16.8	-
Other receivables	1.4	-
Accrued income and prepayments	4.4	-
	22.6	-

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.

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

Up to three months	0.4	-
Three to six months	1.8	-
Total	2.2	-

The largest single receivable at the reporting date is from a blue-chip fuel supplier and as such the concentrated credit risk is considered low.

Largest receivable	3.1	-

Details of the credit risk management policies are shown in Note 22.6. No collateral is held as security for receivables.

19. Cash and cash equivalents

	Group 2015 £m	Company 2015 £m
Cash and cash equivalents	17.0	-

The cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

20. Liabilities

	Group 2015 £m	Company 2015 £m
Current trade and other payables		
Trade payables	71.6	-
Amounts due to parent undertakings	0.3	-
Other tax and social security	1.7	-
Other creditors	5.0	-
Derivative - Note 22.5	0.2	-
	78.8	-
Other current liabilities		
Accruals	1.0	-
	79.8	-
Other non-current liabilities		
Deferred tax - Note 11.3	4.7	-
Borrowings - Note 21	474.6	181.8
	479.3	181.8

21. Borrowings

	Group 2015 £m	Company 2015 £m
Non-current		
Loans from immediate parent undertaking	**181.8**	**181.8**
Secured bank loan	**292.8**	-
Total borrowings	**474.6**	**181.8**

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

After five years		
Loans from immediate parent undertaking	**181.8**	**181.8**
Secured bank loan	**292.8**	-
Total borrowings	**474.6**	**181.8**

In July 2015, the Group arranged a bank loan for £300.0m with a syndicate of banks led by BNP Paribas, in conjunction with the investment by CD&R. It is repayable in 2022 and is secured by a charge on all Group assets. Interest is set at 5% over LIBOR subject to certain conditions.

The loan from the immediate parent undertaking accrues interest at 12%. It is unsecured, is repayable together with accrued interest in 2044 and can be repaid earlier without penalty.

All loans are denominated in sterling.

22. 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.

22.1 *Capital risk management*

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 21.

22.2 *Principal financial instruments*

The principal financial instruments used, from which financial instrument risk arises, were as follows:

	Group 2015	Company 2015
	£m	£m
Trade and other receivables	18.2	-
Trade and other payables	78.8	-
Cash and cash equivalents	17.0	-

22.3 *Financial assets*

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

Cash and cash equivalents	17.0	-
Trade and other receivables	16.8	-
Other receivables	1.4	-
	35.2	-

22.4 *Financial liabilities*

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

	Group 2015	Company 2015
	£m	£m
Trade payables	71.6	-
Loans	474.6	181.8
	546.2	181.8

22.5 *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. The Group mitigated this through a derivative financial instrument, comprised of a "floor and cap arrangement" of £260.0m for years 1 and 2 and an interest swap of £185.0m for years 3 to 5. Both are valued using mark-to-market on a quarterly basis.

The cost of the cap to the Group is £0.2m over 5 years.

No sensitivity analysis is presented as the financial instrument sufficiently mitigates the risk of interest rate changes.

The relevant fair values are liabilities as follows:

	Group 2015	Company 2015
	£m	£m
Interest rate cap	0.2	-
Interest rate swap	-	-
Current portion	0.2	-

22.6 *Credit risk*

Careful consideration is given to choice of bank in order to minimise credit risk. Cash is held with the Royal Bank of Scotland, and the amounts held at the reporting date can be seen in the financial assets table above. 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.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no impairment of financial assets. 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.

22.7 *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.

22.8 *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 21.

23. Share capital

23.1 *Number of shares in issue authorised and fully paid*

	Group 2015	Company 2015
	Number	Number
Ordinary share of £1.00 issued on incorporation	1	1

24. Ultimate controlling party

The immediate parent undertaking is CD&R Firefly 3 Ltd, 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 Ltd, being the only group to do so. 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 CD&R Firefly Holdings Sàrl, registered in Luxembourg.

25. Reconciliation of movement in shareholder funds

	Group 2015	Company 2015
	£m	£m
Loss for the period	(13.5)	(9.6)
Carried forward	(13.5)	(9.6)

26. Related party transactions

26.1 *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.

26.2 *Transactions and balances with key personnel*

The assets in the acquired companies included a loan made previously to a Director of £125,000, which was fully repaid in October 2015. There was no interest charged in the current period.

26.3 *Loans with related parties*

Loans have been made to the Group by the immediate parent undertaking. The terms and the total balance carried forward are disclosed in Note 21.

Interest expensed in the period is disclosed in Note 10.2.

27. Principal subsidiaries

The Company owns 100% of the issued shares of the following Subsidiaries, all incorporated in England & Wales except where indicated:

	Company Number	Subject to Audit
Directly held		
CD&R Firefly Bidco Ltd	9580601	yes
Indirectly held		
Scimitar Topco Ltd	7869343	yes
Scimitar Midco Ltd	7777382	exempt
Scimitar PFS1 Ltd	7777403	exempt
Motor Fuel Group Ltd	6231901	dormant
Motor Fuel Ltd	5206547	exempt
St Albans Operating Company Ltd	9146965	exempt
St Albans Dealership Company Ltd	9147000	dormant
Highway Stops Ltd	2409154	exempt
Fuel Stops UK Ltd	4511403	exempt
Scorpion Topco Ltd	8575174	exempt
Scorpion Midco Ltd	8575198	exempt
Scorpion PFS1 Ltd	8476359	exempt
Leopard No2 Investments Ltd (Scotland)	SC 342459	exempt
Leopard PEL Ltd	3391904	exempt
Thames Rico Ltd	1027878	exempt
Thames Rico Service Stations Ltd	477257	exempt
Bond Hamill Ltd	4920642	exempt
Freeheart Ltd	4660995	exempt

The principal retail trade is carried out by St Albans Operating Company Ltd and Motor Fuel Ltd. The dealer trade is carried out by St Albans Dealership Company Ltd. 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

27. Principal subsidiaries (continued)

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

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 accounts to be audited.

The guarantees given by the Company under section 479A of the Act are disclosed in Note 29.

28. Operating lease arrangements

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

	Group 2015	Company 2015
	£m	£m
Land and buildings		
Within one year	1.1	-
In the second to fifth years inclusive	4.0	-
After fifth year	22.0	-
	27.1	-

29. Contingent liabilities and guarantees

Under the terms of the secured bank loans, all entities in the Group guarantee the 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 27.

30. Subsequent events

On 29 February 2016 William Bannister and Simon Lane were appointed as directors.