motor fuel group

# CD&R Firefly Holdco Limited

# REPORT AND FINANCIAL STATEMENTS

# Year to 31 December 2016

Company 09548683

# Company Information

| | |
|---|---|
| DIRECTORS | Alasdair Locke<br>David Novak<br>Gregory Lai<br>Marco Herbst<br>Peter Newman<br>Sir Terrence Leahy<br>William Bannister |
| REGISTERED OFFICE | Cleveland House<br>33 King Street<br>London<br>SW1Y 6RJ |
| INDEPENDENT AUDITORS | PricewaterhouseCoopers LLP<br>10 Bricket Road<br>St Albans<br>Hertfordshire<br>AL1 3JX |

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# Strategic Report for the year ended 31 December 2016

The Directors present their Strategic Report for CD&R Firefly Holdco Limited **(the 'Company')** and its subsidiaries, **(the 'Group')** together with the Group financial statements, for the year ended 31 December 2016.

## 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.

## Business review

The Company was formed when Clayton Dubilier and Rice (CD&R) acquired a controlling interest in Scimitar Topco Limited in July 2015 from Patron Scimitar Holding Sàrl, for cash consideration of £397m. Founded in 1978, Clayton, Dubilier & Rice 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 Limited. Scimitar Topco Limited is in turn the parent company of Motor Fuel Limited 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 was formed on 16 July 2015 and as such all comparative 2015 results are covering the short period to 31 December 2015. The year ended 31 December 2016 is the first full annual trading period for the Group. Accordingly, there are no full year comparative numbers; year on year trends of the underlying business can be seen in the group financial statements of Scimitar Topco Limited.

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

## Strategy

The Group aims to become the UK's most dynamic and profitable independent forecourt operator. Service stations operate under the BP, Shell, Texaco, Jet and Murco brands 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 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 2017 including improving and extending the shops, and adding a number of 'Food to Go' outlets.

## Results and performance

The Group made a loss for the year after taxation amounting to £1.077m (2015: £13.615m).

Trading conditions in the year under review were favourable and the Group has continued to deliver a strong financial performance and has grown the size of the network. During the year, the Group acquired and successfully integrated two new petrol station networks (Synergie Group Limited and Roadside Group Limited), which included 29 sites, and continued to develop the forecourt offering for both fuel and non- fuel products. During the year, the Group signed an agreement with Booker Retail Partners to provide wholesale food supply to the Group's petrol stations. This led to a major rebranding exercise introducing the Budgens and Londis brands into the network. In tandem with this, the Group commenced a major redevelopment program which will continue through 2017. The Group also successfully opened its first 'Food to Go' offerings and 8 were in operation at the year end.

At the end of the year the number of petrol stations operated was 405 (2015: 372).

The Group continually monitors the performance of sites and continues to invest in them. The rebranding exercise, as a consequence of the Booker agreement, has contributed to growth in both customer footfall and the number of transactions.

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, Phillips 66 (Jet) and Valero (Texaco). Key non-fuel partners are Booker (Budgens, Londis), Subway and Whitbread (Costa Coffee).

At 31 December 2016, the Group had net liabilities of £14.178m (2015: £13.117m), net current liabilities of £5.783m (2015: £23.365m) and net non-current debt of £557.977m (2015: £474.440m).

The Group is financed through a combination of equity, bank debt and shareholder loans. In November 2016, the Group secured an incremental bank loan facility of an additional £60m and an increase of £20m to the revolving credit facility. At 31 December 2016, the bank debt, net of set up fees on the facility, was £353.161m (2015: £292.794m) repayable in July 2022. The Group's additional revolving bank facility of £60m was undrawn at both 31 December 2016 and 2015. The Group is compliant with all covenants under the facility agreement, and monitors compliance on a regular basis.

## Directors of CD&R Firefly 4 Limited

**Alasdair Locke**

Alasdair Locke joined Motor Fuel Group in 2011 as Chairman. He was previously Chairman of the Scottish oil services company Abbot Group. He has extensive experience in the oil, property and forecourt industries.

**David Novak**

David joined CD&R in 1997 and is based in London. He is a member of the Investment and Management Committees and is currently a Director of B&M Retail, Kalle, BUT International and Motor Fuel Group. Previously, David worked in the private equity and investment banking divisions of Morgan Stanley and for the Central European Development Corporation, a private equity investment firm. He is a graduate of Amherst College and holds an M.B.A. from Harvard Business School.

**Gregory Laï**

Gregory joined CD&R in 2007 and is based in London. He plays a key role in the execution and supervision of several of the Firm's transactions, including the investments in B&M Retail, BUT International, Exova, HD Supply and Motor Fuel Group, as well as the secondary offerings of Rexel. Previously, he worked at Mubadala Development Company, where he helped to establish Mubadala Capital. Prior to that, he worked in the Investment Banking Division of Citigroup. Gregory 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 the Firm'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.

**Peter Newman**

Peter joined Motor Fuel Group as a non-executive Director in 2015. He has thirty-five years of experience in the oil and gas sector, with Mobil, Andersen, Deloitte, AOG and Oryx Petroleum. Peter led Andersen's EMEIA Oil and Gas practice from 1994 to 2002 and Deloitte's Global Oil & Gas practice from 2004 to 2009. He is a non-executive director for several companies in the energy and shipping sectors and a Treasurer for the international development charity, WaterAid.

**Sir Terrence Leahy**

Sir Terrence Leahy became a senior CD&R advisor in 2011. Previously he was Chief Executive of Tesco Plc, where he had a thirty-two year career. Sir Terrence is recognised for transforming the supermarket industry in the UK and building Tesco into one of the world's leading retailers. Sir Terrence's focus at CD&R is advising portfolio companies on operational and related issues and assisting in evaluating investment opportunities.

**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 fifteen 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.

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

During the year the Group reported turnover of £1,464.1m, (2015: £611.1m), gross profit of £103.9m (2015: £39.7m) and an operating profit of £55.4m. (2015: £5.7m) The Group continues to focus on optimising profits, effectively managing controllable costs and efficiency improvements.

The Group also focuses on the management of working capital and in particular inventory; inventory days were 6.2 days at the end of 2016 (2015: 5.6 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 2016 were 27.1 days (2015: 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 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.

The Directors have assessed the implications of the vote to leave the European Union and are comfortable that this is unlikely to have a material impact on the business.

**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 the Group's 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 and insure 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.

**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 22.5 to the Group financial statements.

## Future developments

The new year has started well for the Group and the Directors intend to focus on consolidating market share, investing in the network, seeking new opportunities and building on the growth and momentum of 2016.

## 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.

The number of employees by gender at 31 December 2016 was as follows:

| | Male | Female | Total |
|---|---|---|---|
| Directors | 3 | - | 3 |
| Senior managers | 11 | - | 11 |
| Other employees | 39 | 20 | 59 |
| Total | 53 | 20 | 73 |

## Gender Diversity

The Group recognises the value of a diverse workforce and looks to offer equal opportunities to everyone. We have a culture that embraces diversity and fosters inclusion. We see differences as a strength and we work 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 us a better understanding of the needs of our varied customers across the different local communities we serve and means we can benefit from a wider talent pool. We provide 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 2016, the Group implemented a Health, Safety and Environmental Training programme, which entailed the Operations Department undertaking over 700 individual courses. The range of courses included industry recognised qualifications, Online Training Programmes, MFG in-house company specific classroom based training and HSE Policy integration briefs.

The Group has a policy of undertaking ongoing environmental due diligence on all existing and acquired sites. Our consultants have assisted in the development of an environmental risk ranking program enabling targeted, proactive remediation work to be undertaken in the risk areas.

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 this continuing with a significant number of tanks being re-lined in 2017.

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 petrol stations to be a focal point within the local community 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 firmly believes in 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)

Date 20 April 2017

# Directors' Report

The Directors present their report and audited consolidated financial statements of CD&R Firefly Holdco Limited (**the Company**) and its subsidiaries, (together, **the Group**) for the year to 31 December 2016.

Results for the year, financial risk management and future developments of the Group and the Company can be found in the Strategic Report on pages 3 to 9.

## Dividends

No dividends were paid in the year and the Directors have not declared a dividend for the year (2015: £nil).

## Charitable and political donations

The Group made £300 (2015: £3,000) of contributions to charitable causes during the year. There were no political contributions made during the year (2015: £nil).

## Directors

The following persons served as Directors during the year and up to the date of signing:

- Alasdair Locke
- David Novak
- Gregory Lai
- Marco Herbst
- Peter Newman
- Sir Terrence Leahy
- William Bannister

Gregory Lai, Marco Herbst and David Novak are employees and representatives of CD&R who supervise its investment in the Group on CD&R's behalf. Sir Terence Leahy is a senior advisor to CD&R.

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

# 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 the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 United Kingdom Accounting Standards, comprising FRS 101, 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 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 comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 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.

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.

## Independent auditors

RSM UK Audit LLP resigned as auditors in 2016 and a resolution to appoint PricewaterhouseCoopers LLP as replacement auditors was passed by the Directors in October 2016.

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

The financial statements on pages 16 to 49 were approved by the Board of Directors on 20 April 2017 and signed on its behalf by

WILLIAM BANNISTER (Chief Executive Officer and Director)

# Independent auditors' report to the members of CD&R Firefly Holding Co Limited

## Report on the financial statements

### *Our opinion*

In our opinion:

- CD&R Firefly Holdco Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### *What we have audited*

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Statements of Financial Position as at 31 December 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the Company financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

## Other matters on which we are required to report by exception

### *Adequacy of accounting records and information and explanations received*

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### *Directors' remuneration*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### *Our responsibilities and those of the directors*

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the 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.

***What an audit of financial statements involves***

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Andrew Latham (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
20th April 2017

## Consolidated Statement of Comprehensive Income

| | Note | Group (Year) 2016 £000 | Group (Period) 2015 £000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | **1,464,061** | 611,139 |
| Cost of sales | | **(1,360,112)** | (571,447) |
| **Gross profit** | | **103,949** | 39,692 |
| Operating expenses | 7 | **(48,599)** | (34,021) |
| **Operating profit** | | **55,350** | 5,671 |
| Finance income | 10 | **1** | 680 |
| Finance expense | 10 | **(47,485)** | (19,841) |
| **Profit/(Loss) before income tax** | | **7,866** | (13,490) |
| Income tax expense | 11 | **(8,943)** | (125) |
| **Loss for the year/period** | | **(1,077)** | (13,615) |
| Other comprehensive income, net of tax | | **-** | - |
| **Total comprehensive loss for the year/period, attributable to equity owners of Parent** | | **(1,077)** | (13,615) |

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

The comparative figures for 2015 are for the period of 5 and a half months from 16 July 2015, being the date of commencement of the Group's operations upon the acquisition of the controlling interest in Scimitar Topco Limited.

## Consolidated and Company Statements of Financial Position

| | Note | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | **377,945** | 321,746 | **-** | - |
| Intangible assets | 14 | **180,764** | 167,599 | **-** | - |
| Investments | 16 | **-** | - | **1,650** | 1,650 |
| **Total non-current assets** | | **558,709** | 489,345 | **1,650** | 1,650 |
| **Current assets** | | | | | |
| Inventories | 17 | **23,293** | 16,552 | **-** | - |
| Trade and other receivables | 18 | **33,702** | 22,648 | **28** | 13 |
| Cash and cash equivalents | 19 | **54,499** | 16,950 | **-** | - |
| **Total current assets** | | **111,494** | 56,150 | **28** | 13 |
| **Total assets** | | **670,203** | 545,495 | **1,678** | 1,663 |
| **Liabilities** | | | | | |
| Trade and other payables | 20 | **112,146** | 78,452 | **-** | - |
| Accruals | 20 | **5,131** | 1,063 | **-** | - |
| **Total current liabilities** | | **117,277** | 79,515 | **-** | - |
| **Net current assets/(liabilities)** | | **(5,783)** | (23,365) | **28** | 13 |
| **Non- current liabilities** | | | | | |
| Deferred tax liability | 20 | **9,127** | 4,657 | **-** | - |
| Borrowings | 21 | **557,977** | 474,440 | **1,368** | 1,229 |
| **Total non-current liabilities** | | **567,104** | 479,097 | **1,368** | 1,229 |
| **Total liabilities** | | **684,381** | 558,612 | **1,368** | 1,229 |
| **Net assets/(liabilities)** | | **(14,178)** | (13,117) | **310** | 434 |
| **Equity** | | | | | |
| Share capital | 23 | **17** | 17 | **17** | 17 |
| Share premium | 24 | **497** | 481 | **497** | 481 |
| Retained loss | | **(14,692)** | (13,615) | **(204)** | (64) |
| **(Deficit)/equity attributable to equity owners of parent** | | **(14,178)** | (13,117) | **310** | 434 |

The financial statements have been approved by the Board of Directors and authorised for issue on 20 April 2017, and are signed ~~on its behalf by~~

WILLIAM BANNISTER (Chief Executive Officer and Director)

## Consolidated and Company Statements of Changes in Equity

| | Group | | | |
|---|---|---|---|---|
| | Share capital | Share premium | Retained loss | Deficit attributable to equity owners of Parent |
| | £000 | £000 | £000 | £000 |
| **As at 17 April 2015** | - | - | - | - |
| Total comprehensive loss for the period | - | - | (13,615) | **(13,615)** |
| Shares issued in period | 17 | 481 | - | **498** |
| **As at 31 December 2015** | 17 | 481 | (13,615) | **(13,117)** |
| Shares issued in year | - | 16 | - | **16** |
| Total comprehensive loss for the year | - | - | (1,077) | **(1,077)** |
| **As at 31 December 2016** | **17** | **497** | **(14,692)** | **(14,178)** |

| | Company | | | |
|---|---|---|---|---|
| | Share capital | Share premium | Retained loss | Deficit attributable to equity owners of Parent |
| | £000 | £000 | £000 | £000 |
| **As at 17 April 2015** | - | - | - | - |
| Total comprehensive loss for the period | - | - | (64) | **(64)** |
| Shares issued in period | 17 | 481 | - | **498** |
| **As at 31 December 2015** | 17 | 481 | (64) | **434** |
| Shares issued in year | - | 16 | - | **16** |
| Total comprehensive loss for the year | - | - | (140) | **(140)** |
| **As at 31 December 2016** | **17** | **497** | **(204)** | **310** |

# Consolidated Statement of Cash Flows

| | Note | Group (Year) 2016 £000 | Group (Period) 2015 £000 |
|---|---|---|---|
| **Net cash flows from operating activities** | | | |
| Profit/(Loss) before income tax | | **7,866** | (13,490) |
| **Non-cash adjustments** | | | |
| Depreciation and amortisation | 7 | **8,890** | 3,520 |
| Profit on disposal of property, plant and equipment | | **(550)** | (568) |
| Net finance costs | | **47,484** | 19,161 |
| **Working capital adjustments** | | | |
| Increase in inventories | | **(4,652)** | (3,410) |
| (Increase)/Decrease in trade and other receivables | | **(4,120)** | 3,460 |
| Increase in trade and other payables | | **28,107** | 10,100 |
| Cashflow generated by operating activities | | **83,025** | 18,773 |
| Interest paid | 10 | **(20,816)** | (19,841) |
| Income tax paid | | **(2,650)** | - |
| **Net cash generated/(used) by operations** | | **59,559** | (1,068) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 13 | **(16,937)** | (91,074) |
| Disposal of property, plant and equipment | | **1,583** | 6,634 |
| Interest received | 10 | **1** | 680 |
| Acquisition of subsidiaries | 15 | **(66,735)** | (221,995) |
| Acquisition of subsidiaries, deferred tax | 11 | **62** | 4,675 |
| **Net cash used by investing activities** | | **(82,026)** | (301,080) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 21 | **60,000** | 318,600 |
| Proceeds from share issue | | **16** | 498 |
| **Net cash generated by financing activities** | | **60,016** | 319,098 |
| Net increase in cash and cash equivalents | | **37,549** | 16,950 |
| **Cash and cash equivalents brought forward** | | **16,950** | - |
| **Cash and cash equivalents carried forward** | 19 | **54,499** | 16,950 |

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 parent statement of cash flows.

## 1 General information

CD&R Firefly Holdco Limited (**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, commencing in July 2015 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.

### *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 bank debt is due for repayment in 2022, while its shareholder loan is due for repayment in 2045, 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 2018. 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 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 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 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. 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.

### *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 2.9 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. These intangible assets had been acquired previously by Scimitar Topco Limited, 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 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.

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.

### *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.

### *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.

### *2.16 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 year.

### *2.17 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 15, 'Revenue from contracts with customers';
- IFRS 16, 'Leases';
- IFRS 9 (revised), 'Financial Instruments';
- IAS 7 (amended), 'Disclosure Initiative';
- IAS 12 (amended), 'Recognition of deferred tax assets for unrealised losses;
- IFRS 2 (amended), 'Share-based payment';

The Directors are still assessing the potential impacts of IFRS 15 and IFRS 16, but 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 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.

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 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. 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 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, where appropriate, the discount rate to be applied to those cash flows. This is done on each reporting date as set out in Note 2.10.

### *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.

### *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 year. The assessment of the value of the assets and liabilities for the Synergie Group Limited and Roadside Group Limited acquisitions were independently prepared and calculated as at the relevant acquisition date.

## 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 (Year) 2016** | Group (Period) 2015 |
|---|---|---|
| | **£000** | £000 |
| Employee costs – Note 9 | **5,839** | 2,983 |
| Establishment and general: | | |
| -Profit on disposal of property, plant and equipment | **(550)** | (568) |
| -Auditors remuneration – Note 8 | **191** | 55 |
| -Operating lease costs – land and buildings | **1,513** | 2,802 |
| -Depreciation of owned property, plant and equipment – Note 13 | **8,055** | 3,112 |
| -Amortisation and impairment of intangible assets – Note 14 | **835** | 408 |
| -Other operating expenses | **32,716** | 25,229 |
| Total operating expenses | **48,599** | 34,021 |

## 8 Auditors' remuneration

| | Group (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| | £000 | £000 |
| The Group obtained the following services from the auditors and their associates: | | |
| Current year audit of the Parent and consolidated financial statements | 24 | - |
| Current year audit of the Subsidiaries' financial statements | 121 | 55 |
| Previous year audit of the Subsidiaries' financial statements | 46 | - |
| Total auditors' remuneration | 191 | 55 |

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

## 9 Employees and remuneration

### *9.1 Number of employees*

| | Group (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| | Number | Number |
| Monthly average number of employees (including directors) | | |
| Management and administration | 55 | 43 |
| Retail | 10 | 9 |
| | 65 | 52 |

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

### *9.2 Remuneration*

| | Group (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| | £000 | £000 |
| Aggregate remuneration of employees (including directors) | | |
| Wages and salaries | 5,183 | 2,305 |
| Social security costs | 486 | 289 |
| Pension contributions | 116 | 350 |
| Health insurance | 54 | 39 |
| | 5,839 | 2,983 |

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 (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| | £000 | £000 |
| Remuneration of the Directors and key members of management within Statement of Comprehensive Income | | |
| Wages and salaries | 1,464 | 773 |
| Social security costs | 177 | 106 |
| Pension contributions | 28 | 131 |
| | 1,669 | 1,010 |
| Remuneration of highest paid director | 530 | 250 |

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

# 10 Finance income and expense

## *10.1 Income*

| | Group (Year) 2016 £000 | Group (Period) 2015 £000 |
|---|---|---|
| Interest and similar income | 1 | 680 |

## *10.2 Expense*

| | Group (Year) 2016 £000 | Group (Period) 2015 £000 |
|---|---|---|
| Bank interest paid | 19,498 | 9,255 |
| Interest payable on loans from parent undertaking | 23,144 | 9,910 |
| Fair value expense on derivatives – Note 22.5 | 3,525 | 206 |
| Other interest and similar charges paid | 1,318 | 470 |
| | 47,485 | 19,841 |

# 11 Taxation

## *11.1 Income tax expense*

| | Group (Year) 2016 £000 | Group (Period) 2015 £000 |
|---|---|---|
| Current tax | | |
| - Current year | 4,535 | - |
| Deferred tax | | |
| - Charge for year – Note 11.3 | 4,408 | 125 |
| Net income tax expense | 8,943 | 125 |

### *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 (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| Corporate tax rate being the average UK corporation tax rate during the year/period | **20%** | 20.25% |
| | **£000** | £000 |
| Profit/(Loss) before income tax | **7,866** | (13,490) |
| Tax charge/(credit) at the UK corporate tax rate | **1,573** | (2,732) |
| Non-deductible expenditure | **2,447** | 1,759 |
| Tax rate differences | **(766)** | - |
| Movement in unprovided deferred tax | **258** | 568 |
| Fair value adjustment on acquisition of subsidiaries | **3,425** | - |
| Adjustments in respect of previous periods | **2,006** | - |
| Tax charge/(credit) for the year before group relief | **8,943** | (405) |
| Group relief not paid for | **-** | 530 |
| Tax charge for the year after group relief | **8,943** | 125 |

### *11.3 Deferred tax*

| | Group (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| | **£000** | £000 |
| Movements in deferred tax liabilities were as follows: | | |
| Deferred tax liability brought forward | **4,657** | - |
| Acquired with Subsidiaries | **62** | 4,532 |
| Expensed to comprehensive income in year | **4,408** | 125 |
| Deferred tax liability carried forward | **9,127** | 4,657 |

Amounts expensed to comprehensive income in the year were as follows:

| | Group (Year) 2016 | Group (Period) 2015 |
|---|---|---|
| | £000 | £000 |
| Tax losses | 24 | - |
| Unrealised capital gains | 5,133 | - |
| Other timing differences | (749) | 125 |
| Expensed to comprehensive income in year | 4,408 | 125 |

The charge above relates to accelerated capital allowances and potential capital gains resulting from the fair value adjustment to land and buildings.

The amount arising on acquisition relates to the future taxable profits represented by the identifiable intangible assets in Note 15. This liability is being amortised 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 in 2020 from 18% to 17%.

## 12 Parent results

| | 2016 (Year) | 2015 (Period) |
|---|---|---|
| | £000 | £000 |
| Loss dealt with in the financial statements of the Company | (140) | (64) |

## 13 Property, plant and equipment (Group)

| | Land and buildings | Plant and machinery | Fixtures and fittings | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Cost | | | | |
| As at 1 January 2016 | 300,929 | 22,304 | 1,486 | 324,719 |
| Additions in the year | 7,824 | 5,744 | 3,369 | 16,937 |
| Acquired with subsidiaries | 47,162 | 1,188 | - | 48,350 |
| Disposals | (1,017) | (39) | (8) | (1,064) |
| Reclassification | - | 638 | (638) | - |
| As at 31 December 2016 | 354,898 | 29,835 | 4,209 | 388,942 |
| Accumulated depreciation | | | | |
| As at 1 January 2016 | 1,473 | 1,360 | 140 | 2,973 |
| Charge for the year | 4,027 | 3,708 | 320 | 8,055 |
| Disposals | (9) | (19) | (3) | (31) |
| Reclassification | - | 181 | (181) | - |
| As at 31 December 2016 | 5,491 | 5,230 | 276 | 10,997 |
| Carrying amount | | | | |
| As at 1 January 2016 | 299,456 | 20,944 | 1,346 | 321,746 |
| As at 31 December 2016 | 349,407 | 24,605 | 3,933 | 377,945 |

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 £106.5m (2015: £85.3m).

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

## 14 Intangible assets (Group)

| | Goodwill | Brands | Dealer relation-ships | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | **£000** |
| Cost | | | | |
| As at 1 January 2016 | 151,307 | 1,200 | 15,500 | **168,007** |
| Arising on acquisition | 14,000 | - | - | **14,000** |
| As at 31 December 2016 | 165,307 | 1,200 | 15,500 | **182,007** |
| Accumulated amortisation and impairment | | | | |
| As at 1 January 2016 | - | 30 | 378 | **408** |
| Charge for the year | - | 60 | 775 | **835** |
| As at 31 December 2016 | - | 90 | 1,153 | **1,243** |
| Carrying Amount | | | | |
| As at 1 January 2016 | 151,307 | 1,170 | 15,122 | **167,599** |
| As at 31 December 2016 | 165,307 | 1,110 | 14,347 | **180,764** |

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.

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where the assets 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. 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 18.5 years for brands and dealer relationships.

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

The Group completed the acquisitions of Synergie Group Limited in September 2016 and Roadside Group Limited in October 2016. The combined acquired assets and liabilities were as follows:

| | Book value | Fair value adjustment | Fair value |
|---|---|---|---|
| | £000 | £000 | £000 |
| Tangible fixed assets | 30,538 | 17,812 | 48,350 |
| Inventories | 2,089 | - | 2,089 |
| Trade debtors | 33 | - | 33 |
| Other debtors and prepayments | 1,559 | - | 1,559 |
| Cash | 5,342 | - | 5,342 |
| Trade creditors | (3,559) | - | (3,559) |
| Accruals and deferred income | (492) | - | (492) |
| Corporation tax | (316) | - | (316) |
| VAT and PAYE | (209) | - | (209) |
| Deferred tax | (62) | - | (62) |
| **Net assets acquired** | 34,923 | 17,812 | 52,735 |

| | |
|---|---|
| | £000 |
| Cash consideration on completion | 66,735 |
| Net assets acquired per above | (52,735) |
| **Goodwill arising** | 14,000 |

## 16 Investments

The Company's investments at both 31 December 2016 and 2015 comprise shares in CD&R Firefly 2 Limited (Note 28).

## 17 Inventories

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Finished goods - fuel | 23,293 | 16,552 | - | - |

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 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Trade receivables | 27,490 | 16,827 | - | - |
| Other receivables | 1,297 | 1,395 | 28 | 13 |
| Accrued income and prepayments | 4,467 | 4,426 | - | - |
| Assets held for sale | 448 | - | - | - |
| | 33,702 | 22,648 | 28 | 13 |

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:

| | £000 | £000 | £000 | £000 |
|---|---|---|---|---|
| Up to three months | 1,203 | 400 | - | - |
| Three to six months | 1,028 | 1,800 | - | - |
| Total | 2,231 | 2,200 | - | - |

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

| | £000 | £000 | £000 | £000 |
|---|---|---|---|---|
| Largest receivable | 4,305 | 3,100 | - | - |

Details of the credit risk management policies are shown in Note 22.6.

## 19 Cash and cash equivalents

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| Cash and cash equivalents | **54,499** | 16,950 | **-** | - |

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 Trade and other payables

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| Trade payables | **100,874** | 71,583 | **-** | - |
| Corporation tax payable | **1,959** | - | **-** | - |
| Other tax and social security | **881** | 1,655 | **-** | - |
| Other creditors | **4,701** | 5,008 | **-** | - |
| Derivatives - Note 22.5 | **3,731** | 206 | **-** | - |
| | **112,146** | 78,452 | **-** | - |
| Accruals | **5,131** | 1,063 | **-** | - |
| | **117,277** | 79,515 | **-** | - |
| Deferred tax - Note 11.3 | **9,127** | 4,657 | **-** | - |
| Borrowings - Note 21 | **557,977** | 474,440 | **1,368** | 1,229 |
| | **567,104** | 479,097 | **1,368** | 1,229 |

## 21 Borrowings

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| Non-current | | | | |
| Secured bank loan | **353,161** | 292,794 | **-** | - |
| Shareholder loans | **204,816** | 181,646 | **1,368** | 1,229 |
| Total borrowings | **557,977** | 474,440 | **1,368** | 1,229 |

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

| | | | | |
|---|---|---|---|---|
| Between one and two years: | | | | |
| Shareholder loans | **1,368** | 1,229 | **1,368** | 1,229 |
| After five years: | | | | |
| Secured bank loan | **353,161** | 292,794 | **-** | - |
| Shareholder loans | **203,448** | 180,417 | **-** | - |
| Total borrowings | **557,977** | 474,440 | **1,368** | 1,229 |

In July 2015, the Group arranged a bank loan for up to £300m with a syndicate of banks led by BNP Paribas and Barclays, in conjunction with the investment by CD&R. In November 2016, this bank facility was increased to £360m. 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 payable between one and two years represents preference shares issued in December 2015 to the Company's immediate parent company. These have been treated as such because they are repayable at the option of the holders if certain events occur, and the time period reflects the earliest point that these events are considered likely to happen. The shares earn a cumulative preferential 12% dividend when distributable profits allow. This dividend is treated as interest and accrued.

The shareholder loans consist of £171.8m (2015: £152.4m) from the Company's immediate parent undertaking and £31.6m (2015: £28.0m) from key personnel and related parties (Note 27.2). These bear interest at 12%, are unsecured, are repayable in 2045 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 2016** | Group 2015 | **Company 2016** | Company 2015 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| Trade and other receivables | **29,235** | 18,222 | **28** | 13 |
| Trade and other payables | **112,146** | 78,514 | **-** | - |
| Cash and cash equivalents | **54,499** | 16,950 | **-** | - |

### *22.3 Financial assets*

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

| | **Group 2016** | Group 2015 | **Company 2016** | Company 2015 |
|---|---|---|---|---|
| Cash and cash equivalents | **54,499** | 16,950 | **-** | - |
| Trade receivables | **27,490** | 16,827 | **-** | - |
| Other receivables | **1,297** | 1,395 | **28** | 13 |
| Assets held for sale | **448** | - | **-** | - |
| | **83,734** | 35,172 | **28** | 13 |

### *22.4 Financial liabilities*

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

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Trade payables | 100,874 | 71,583 | - | - |
| Loans | 557,977 | 474,440 | 1,368 | 1,229 |
| | 658,851 | 546,023 | 1,368 | 1,229 |

### *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 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. Both are valued using mark-to-market on a quarterly basis.

The cost of the cap to the Group is £3.7m 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 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Balance brought forward | 206 | - | - | - |
| Movements in year: | | | | |
| - Interest rate cap | 29 | 206 | - | - |
| - Interest rate swap | 3,496 | - | - | - |
| Balance carried forward | 3,731 | 206 | - | - |

### *22.6 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 the Royal Bank of Scotland, and the amounts held at the reporting date can be seen in the financial assets table (Note 22.3). 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.

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 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | Number | Number | Number | Number |
| Ordinary share of £1.00 | - | - | - | - |
| A Ordinary shares of 1p issued at £1.00 each | 116,820 | 100,980 | 116,820 | 100,980 |
| B1 Ordinary shares of 1p issued at £1.0003 each | 335,568 | 335,568 | 335,568 | 335,568 |
| B2 Ordinary shares of 20p issued at £1.00 each | 61,048 | 61,048 | 61,048 | 61,048 |
| C Ordinary shares of £1.00 each issued at par | 5 | 5 | 5 | 5 |
| Subtotal ordinary shares | 513,441 | 497,601 | 513,441 | 497,601 |
| Preference shares of 0.0001p issued at £1.00 each | 1,164,432 | 1,164,432 | 1,164,432 | 1,164,432 |
| Total shares | 1,677,873 | 1,662,033 | 1,677,873 | 1,662,033 |

The preference shares are treated as debt – see Note 21.

### *23.2 Value of shares in issue authorised and fully paid*

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| A Ordinary shares | 1 | 1 | 1 | 1 |
| B1 Ordinary shares | 4 | 4 | 4 | 4 |
| B2 Ordinary shares | 12 | 12 | 12 | 12 |
| C Ordinary shares | - | - | - | - |
| Subtotal ordinary shares | 17 | 17 | 17 | 17 |

## 24 Share premium

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Brought forward | 481 | - | 481 | - |
| Arising during the year/period | 16 | 481 | 16 | 481 |
| Carried forward | 497 | 481 | 497 | 481 |

## 25 Ultimate controlling party

In the opinion of the Directors CD&R Firefly Holdings Sàrl, registered in Luxembourg, is the immediate parent undertaking and the ultimate controlling party.

There is no UK parent undertaking drawing up financial statements that consolidate these financial statements.

## 26 Reconciliation of movement in shareholder funds

| | **Group 2016** | Group 2015 | **Company 2016** | Company 2015 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| Brought forward | **(13,117)** | - | **434** | - |
| Shares issued in period | **-** | 17 | **-** | 17 |
| Share premium on shares issued in year/period | **16** | 481 | **16** | 481 |
| Loss for the year/period | **(1,077)** | (13,615) | **(140)** | (64) |
| Carried forward | **(14,178)** | (13,117) | **310** | 434 |

## 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 Transactions and balances with key personnel*

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| Balances on loans owed to key personnel or companies owned by them at year end were as follows: | | | | |
| Alasdair Locke (Director) | **17,840** | 15,824 | **-** | - |
| Timothy Allan (Director of a Subsidiary) | **2,136** | 1,894 | **-** | - |
| William Bannister (Director and Chief Executive) | **3,762** | 3,336 | **-** | - |
| Thomas Biggart (Chief Investment Officer) | **3,762** | 3,336 | **-** | - |
| Jeremy Clarke (Chief Operating Officer) | **3,762** | 3,336 | **-** | - |
| Simon Lane (Chief Financial Officer) | **237** | 212 | **-** | - |
| Peter Newman (Director) | **78** | 70 | **-** | - |
| | **31,577** | 28,008 | **-** | - |

### *27.3 Loans with related parties*

As well as the loans above, loans are owed to the parent undertaking. The terms and the total balance are disclosed in Note 21. Interest accrued on related party loans in the year is disclosed in Note 10.2.

## 28 Principal subsidiaries

The company owns 100% of the issued shares of the following Subsidiaries:

| | Company Number | Subject to Audit |
|---|---|---|
| Directly held | | |
| CD&R Firefly 2 Limited * | 9547855 | Yes |
| Indirectly held | | |
| CD&R Firefly 3 Limited * | 9547882 | Yes |
| CD&R Firefly 4 Limited * | 09547863 | Yes |
| CD&R Firefly Bidco Limited | 09580601 | Yes |
| Scimitar Topco Limited | 07869343 | Yes |
| Scimitar Midco Limited | 07777382 | Exempt |
| Scimitar PFS 1 Limited | 07777403 | Exempt |
| Motor Fuel Group Limited | 06231901 | Dormant |
| Motor Fuel Limited | 05206547 | Exempt |
| St Albans Operating Company Limited | 09146965 | Exempt |
| St Albans Dealership Company Limited | 09147000 | Dormant |
| Highway Stops Limited | 02409154 | Exempt |
| Fuel Stops UK Limited | 04511403 | Exempt |
| Motor Fuel (No.1) Limited | 06523149 | Exempt |
| Motor Fuel (No.2) Limited | 09581137 | Exempt |
| Roadside Group Limited | 03079092 | Exempt |
| Elite Fuels Limited | 03080543 | Exempt |
| Scorpion Topco Limited | 08575174 | Exempt |
| Scorpion Midco Limited | 08575198 | Exempt |
| Scorpion PFS 1 Limited | 08476359 | Exempt |
| Leopard No2 Investments Limited (incorporated in Scotland) ** | SC 342459 | Exempt |
| Leopard PEL Limited | 03391904 | Exempt |
| Thames Rico Limited | 01027878 | Exempt |
| Thames Rico Service Stations Limited | 00477257 | Exempt |
| Bond Hamill Limited | 04920642 | Exempt |
| Freeheart Limited | 04660995 | Exempt |

* Registered office is at Cleveland House, 33 King Street, London, SW1Y 6RJ

** Registered office is at 3 St David's Business Park, Dunfermline, Fife, United Kingdom, KY11 9PF

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 |

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 Building 2 Abbey View, Everard Close, St Albans, Hertfordshire, United Kingdom, AL1 2QU, unless otherwise stated.

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 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 2016** | Group 2015 | **Company 2016** | Company 2015 |
|---|---|---|---|---|
| | **£m** | £m | **£m** | £m |
| Land and buildings | | | | |
| Within one year | **1,568** | 1,122 | **-** | - |
| In the second to fifth years inclusive | **5,383** | 3,938 | **-** | - |
| After fifth year | **36,899** | 22,020 | **-** | - |
| | **43,850** | 27,080 | **-** | - |

## 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 Subsequent events

There have been no significant subsequent events to disclose.