CD&R Firefly Holdco Limited

REPORT AND FINANCIAL STATEMENTS

Year to 31 December 2017

Company 09548683

Company Information

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

Contents

Strategic Report for the year ended 31 December 2017

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 2017.

Principal activity

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

Company overview

The Company was formed when Clayton Dubilier and Rice (CD&R) acquired a controlling interest in Scimitar Topco Limited in July 2015 from Patron Scimitar Holding Sàrl. 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 is the second largest independent forecourt operator in the UK. Motor Fuel Limited offers its customers premium fuel brands, BP, Shell, Esso, Texaco, Jet and Murco, coupled with an attractive, competitive and expanding forecourt shop offer. Increasingly 'food to go' outlets are being added to the sites to add to the overall customer experience. The Company operates 439 petrol stations across England, Scotland and Wales.

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, Esso, 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 2018 including improving and extending the shops, and continuing to add 'Food to Go' outlets. The Group will continue to review diversification opportunities throughout its network. During 2017 a contract was signed to install Electric Vehicle charging points across the network. This roll out began at the end of the year and will be pursued aggressively throughout 2018, with an aim to install 200 charging points by the end of the year.

On 27th February 2018 the Group announced the acquisition of MRH. Founded in 1997 and headquartered in Staines-upon-Thames, MRH is the U.K.'s largest independent forecourt operator, serving 2.5 million customers every week at 491 sites across the country. Through partnerships with petrol companies BP, Shell and Esso, MRH sells up to 2.5 billion litres of fuel annually. MRH also operates retail offerings that include Spar, Budgens, Subway, Costa and Greggs, as well as its own Hursts format. The transaction will create the UK's number one operator by number of sites with over 900 in the newly formed group. The transaction is valued at approximately £1.2 billion and is expected to be completed in the second quarter of 2018, subject to the customary regulator approvals.

Results and performance

The Group made a profit for the year after taxation amounting to £19.624m (2016: loss £1.077m).

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 35 petrol stations, and continued to develop the forecourt offering for both fuel and non-fuel products. The Group accelerated its major redevelopment program which will continue through 2018. The Group also successfully continued to roll out its 'Food to Go' offerings and 29 were in operation at the year end.

At the end of the year the number of petrol stations operated was 439 (2016: 405). The net gain of 34 sites comprised 35 additions and one disposal. Sites were typically acquired from smaller networks such as FW Kerridge, Burns and Co, Manor Service Stations and the Golden Cross Group.

The Group continually monitors the performance of sites and continues to invest in them. In addition to investment on the forecourts the Group looks to the needs of its customers; in 2017 the 'fuelService' app was rolled out across the network providing assistance and support to disabled drivers.

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

At 31 December 2017, the Group had net assets of £5.449m (2016: net liabilities £14.178m), net current liabilities of £26.656m (2016: £5.783m) and net non-current debt of £608.134m (2016: £557.977m).

The Group is financed through a combination of equity, externally syndicated bank debt and shareholder loans. In June 2017, the Group undertook a refinancing exercise. As a result of this exercise there was a partial redemption of shareholder loan notes of £134.3m, whilst an additional £105m was added to the bank facility. The revolving credit facility was increased by an additional £40m to £100m. As part of this refinancing unamortised arrangement fees of £6.253m related to the previous bank loan, which would otherwise have been amortised over the remaining life of that loan, were immediately written off.

At 31 December 2017 the bank debt, net of set up fees newly arising during the year of £1.99m, was £463.21m (2016: £353.161m) and is repayable in July 2022. The Group's revised additional £100m revolving bank facility had £60m drawn as at 31 December 2017 (31 December 2016: £ Nil). The Group is compliant with all covenants under the facility agreement, and monitors compliance on a regular basis.

During 2017 the Group undertook a group re-organisation exercise. The objective of the exercise was to rationalise the group structure by transferring legacy and residual assets out of the non-operating companies into Motor Fuel Limited, the primary operating company. The exercise was successfully completed and seventeen companies will become dormant in 2018, to be formally struck off in due course.

Future developments

2018 has started well for the Group. The acquisition of MRH will expand opportunities to invest in the network, building on the growth and momentum of 2017.

Directors of CD&R Firefly Holdco 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 CD&R Investment and Management Committees and is currently a Director of B&M Retail, Kalle, 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

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

Marco Herbst

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

Peter Newman

Peter joined Motor Fuel Group as a non-executive Director in 2015. He has 40 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 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 16 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. Performance is also measured by brand and by original investment. Additional KPIs are used by different parts of the business as required.

The Group's reported turnover was £1,746.4m (2016: £1,464.1m), gross profit was £122.4m (2016: £103.9m) and operating profit was £68.2m (2016: £55.4m). The Group continues to focus on optimising profits, effectively managing controllable costs and efficiency improvements.

The Group also pays close attention to the management of working capital and in particular inventory; inventory days were 5.4 days at the end of 2017 (2016: 6.2 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 2017 were 25.8 days (2016: 27.1 days).

Principal risks and uncertainties

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

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

Market conditions

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

Competitor risk

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

Commercial relationships

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

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 insures certain debts where appropriate.

Liquidity risk

The Group is consistently cash generative and uses a mixture of cash balances, long-term and short-term debt finance in order to maintain liquidity, ensuring that there are sufficient funds available for on-going operations and future developments. The Group's policy has been to ensure continuity of funding. Short-term flexibility is achieved by overdraft facilities.

Interest rate cash flow risk

The Group is leveraged and is therefore exposed to rising interest rates. To mitigate this the Group has swap arrangements in place to limit its exposure to the uncertainty of future interest cash outflows.

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.

Employees

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

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

The number of employees by gender at 31 December 2017 was as follows:

	Male	Female	Total
Directors	3	-	3
Senior managers	10	-	10
Other employees	44	23	67
Total	57	23	80

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 2017, the Group continue to promote our Internal Health, Safety and Environmental Training programme, which entailed the Operations Department undertaking over 1000 individual courses since inception. The range of courses included industry recognised qualifications, Online Training Programmes, MFG in-house company specific classroom-based training and HSE Policy integration briefs.

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 2018.

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

The Group fully acknowledges the human rights of every individual.

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

CD&R Firefly Holdco Limited

Year to 31 December 2017

Approved by the Board and signed on its behalf by

WILLIAM BANNISTER (Chief Executive Officer and Director)

Date 4th April 2018

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 2017.

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 10.

Dividends

No dividends were paid in the year and the Directors have not declared a dividend for the year (2016: £nil).

Charitable and political donations

The Group made £7,000 (2016: £300) of contributions to charitable causes during the year. There were no political contributions made during the year (2016: £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 Terrence 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 issued by the International Accounting Standards Board (IASB) and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent 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 issued by the International Accounting Standards Board (IASB) have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent 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 parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 parent 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 parent company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were first appointed as auditors to the Company and Group in 2016 and reappointed in 2017.

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

This Directors' Report and the accompanying financial statements on pages 17 to 51 were approved by the Board on 4th April 2018 and signed on its behalf by

WILLIAM BANNISTER (Chief Executive Officer and Director)

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

Report on the audit of the financial statements

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 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2017; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
6th April 2018

Consolidated Statement of Comprehensive Income

	Note	Group 2017 £000	Group 2016 £000
Continuing operations			
Revenue		**1,746,363**	1,464,061
Cost of sales		**(1,623,932)**	(1,360,112)
Gross profit		**122,431**	103,949
Operating expenses	7	**(54,195)**	(48,599)
Operating profit		**68,236**	55,350
Finance income	10	**588**	1
Finance expense	10	**(44,845)**	(47,485)
Profit before income tax		**23,979**	7,866
Income tax expense	11	**(4,355)**	(8,943)
Total comprehensive income/(loss) for the year, attributable to equity owners of Parent		**19,624**	(1,077)

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

Consolidated and Company Statements of Financial Position

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Assets					
Non-current assets					
Property, plant and equipment	13	444,598	377,945	-	-
Intangible assets	14	202,219	180,764	-	-
Investments	16	-	-	1,650	1,650
Total non-current assets		646,817	558,709	1,650	1,650
Current assets					
Inventories	17	24,050	23,293	-	-
Trade and other receivables	18	41,724	33,702	31	28
Cash and cash equivalents	19	46,627	54,499	-	-
Total current assets		112,401	111,494	31	28
Total assets		759,218	670,203	1,681	1,678
Liabilities					
Trade and other payables	20	(128,917)	(112,146)	-	-
Accruals	20	(10,140)	(5,131)	-	-
Total current liabilities		(139,057)	(117,277)	-	-
Net current assets/(liabilities)		(26,656)	(5,783))	31	28
Non- current liabilities					
Deferred tax liability	20	(6,578)	(9,127)	-	-
Borrowings	21	(608,134)	(557,977)	(1,507)	(1,368)
Total non-current liabilities		(614,712)	(567,104)	(1,507)	(1,368)
Total liabilities		(753,769)	(684,381)	(1,507)	(1,368)
Net assets/(liabilities)		5,449	(14,178)	174	310
Equity					
Share capital	23	17	17	17	17
Share premium	24	500	497	500	497
Retained profit/ (loss)		4,932	(14,692)	(343)	(204)
Equity/(deficit) attributable to equity owners of parent		5,449	(14,178)	174	310

The financial statements have been approved by the Board of Directors and authorised for issue on 4th April 2018, 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	**Equity/ Deficit attributable to equity owners of Parent**
	£000	£000	£000	**£000**
As at 1 January 2016	17	481	(13,615)	**(13,117)**
Total comprehensive loss for the year	-	-	(1,077)	**(1,077)**
Shares issued in year	-	16	-	**16**
As at 31 December 2016	17	497	(14,692)	**(14,178)**
Total comprehensive income for the year	-	-	19,624	**19,624**
Shares issued in year	-	3	-	**3**
As at 31 December 2017	**17**	**500**	**4,932**	**5,449**

	Company			
	Share capital	Share premium	Retained loss	**Equity/ Deficit attributable to equity owners of Parent**
	£000	£000	£000	**£000**
As at 1 January 2016	17	481	(64)	**434**
Total comprehensive loss for the year	-	-	(140)	**(140)**
Shares issued in year	-	16	-	**16**
As at 31 December 2016	17	497	(204)	**310**
Total comprehensive loss for the year	-	-	(139)	**(139)**
Shares issued in year	-	3	-	**3**
As at 31 December 2017	**17**	**500**	**(343)**	**174**

Consolidated Statement of Cash Flows

	Note	Group 2017 £000	Group 2016 £000
Net cash flows from operating activities			
Profit before income tax		**23,979**	7,866
Non-cash adjustments			
Depreciation and amortisation	7	**12,983**	8,890
Profit on disposal of property, plant and equipment		**(4,241)**	(550)
Net finance costs		**44,256**	47,484
Working capital adjustments			
Decrease/ (Increase) in inventories		**200**	(4,652)
Increase in trade and other receivables		**(5,210)**	(4,120)
Increase in trade and other payables		**12,479**	28,107
Cashflow generated by operating activities		**84,446**	83,025
Interest paid	10	**(21,227)**	(20,816)
Income tax paid		**(5,584)**	(2,650)
Net cash generated by operations		**57,635**	59,559
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(51,997)**	(16,937)
Disposal of property, plant and equipment		**5,189**	1,583
Interest received	10	**105**	1
Acquisition of subsidiaries	15	**(49,861)**	(66,735)
Acquisition of subsidiaries, deferred tax	11	**354**	62
Net cash used by investing activities		**(96,210)**	(82,026)
Cash flows from financing activities			
Proceeds from borrowings		**30,700**	60,000
Proceeds from share issue	24	**3**	16
Net cash generated by financing activities		**30,703**	60,016
Net (decrease)/increase in cash and cash equivalents		**(7,872)**	37,549
Cash and cash equivalents brought forward		**54,499**	16,950
Cash and cash equivalents carried forward	19	**46,627**	54,499

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 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 2019. In developing these forecast's they make enquiries and form assumptions as to future revenues and expenditures based upon their view of the current and future economic conditions that will prevail over the forecast period.

Following the announcement of the acquisition of MRH on 27th February 2018 the Director's have satisfied themselves that the necessary funding arrangements renegotiated, as part of this deal, are sufficient both to acquire the new business and to provide adequate working capital to operate the wider group for the foreseeable future.

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

2.3 Basis of consolidation

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

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

Where control changes during an accounting period, revenue and costs of the trading Subsidiaries 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: straight-line over 3 to 10 years

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

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

(a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017, have had a material impact on the Group.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the group or parent company, except the following, set out below:

IFRS 15, 'Revenue from contracts with customers'. The group is working towards the implementation of IFRS 15 on 1 January 2018 and has carried out a review of existing contractual arrangements as part of this process. The Directors anticipate there will be no material impact for the retail revenue streams.

IFRS 16, 'Leases'. The directors are in the process of reviewing current contracts to evaluate all lease arrangements that will need to be recognised under IFRS 16 when it is implemented in 2019. The Directors anticipate there will be a material impact of approximately £20m on the balance sheet as a number of the property sites are leasehold.

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
- Share premium
- 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 2.9.

5.3 Segments

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

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 Burns & Co. Limited, Manor Service Stations Limited, Kerr 1 Limited and Kerr 2 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 2017	Group 2016
	£000	£000
Employee costs – Note 9	**7,102**	5,839
Establishment and general:		
-Profit on disposal of property, plant and equipment	**(4,241)**	(550)
-Auditors remuneration – Note 8	**160**	191
-Operating lease costs – land and buildings	**1,651**	1,513
-Depreciation of owned property, plant and equipment – Note 13	**12,148**	8,055
-Amortisation and impairment of intangible assets – Note 14	**835**	835
-Other operating expenses	**36,540**	32,716
Total operating expenses	**54,195**	48,599

8 Auditors' remuneration

	Group 2017	Group 2016
	£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**	24
Current year audit of the Subsidiaries' financial statements	**136**	121
Predecessor auditors' audit of the Subsidiaries' 2015 financial statements	**-**	46
Total auditors' remuneration	**160**	191

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

9 Employees and remuneration

9.1 Number of employees

	Group 2017	Group 2016
	Number	Number
Monthly average number of employees (including Directors)		
Management and administration	**69**	55
Retail and fuel	**12**	10
	81	65

The business operates a commission operator business model. As such, the commission operators and the site staff employed by them are not employees of the Group and are not included above.

9.2 Remuneration

	Group 2017	Group 2016
	£000	£000
Aggregate remuneration of employees (including Directors)		
Wages and salaries	**6,010**	5,183
Social security costs	**821**	486
Pension contributions	**216**	116
Health insurance	**55**	54
	7,102	5,839

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 2017	Group 2016
	£000	£000
Remuneration of the Directors and key members of management		
Wages and salaries	**2,019**	1,464
Social security costs	**249**	177
Pension contributions	**38**	28
	2,306	1,669
Remuneration of highest paid director	**530**	530

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

10 Finance income and expense

10.1 Income

	Group 2017 £000	Group 2016 £000
Interest and similar income	105	1
Fair value income from derivatives – Note 22.5	483	-
	588	1

10.2 Expense

	Group 2017 £000	Group 2016 £000
Bank interest paid	21,227	19,498
Interest payable on loans from parent undertaking	14,409	23,144
Fair value expense on derivatives – Note 22.5	-	3,525
Other interest and similar charges	9,209	1,318
	44,845	47,485

Included within Other interest and similar charges is the write off of the unamortised balance of arrangement fees amounting to £6.253m, on the previous bank loan, due to the refinancing of the external loan.

11 Taxation

11.1 Income tax expense

	Group 2017 £000	Group 2016 £000
Current tax		
- Current year	7,258	4,535
Deferred tax		
- (Credit)/ Charge for year – Note 11.3	(2,903)	4,408
Net income tax expense	4,355	8,943

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 2017	Group 2016
Corporate tax rate being the average UK corporation tax rate during the year	**19.25%**	20%
	£000	£000
Profit before income tax	**23,979**	7,866
Tax charge at the UK corporate tax rate	**4,616**	1,573
Non-deductible expenditure	**2,983**	2,447
Tax rate differences	**240**	(766)
Movement in unprovided deferred tax	**(4,408)**	258
Fair value adjustment on acquisition of subsidiaries	**827**	3,425
Adjustments in respect of previous periods	**(1,143)**	2,006
Chargeable gains	**1,253**	-
Extinguished losses	**(13)**	-
Tax charge for the year before and after group relief	**4,355**	8,943

11.3 Deferred tax

	Group 2017	Group 2016
	£000	£000
Movements in deferred tax liabilities were as follows:		
Deferred tax liability brought forward	**9,127**	4,657
Acquired with Subsidiaries	**354**	62
(Released)/ expensed to comprehensive income in the year	**(2,903)**	4,408
Deferred tax liability carried forward	**6,578**	9,127

Amounts (released)/ expensed to comprehensive income in the year were as follows:

	Group 2017	Group 2016
	£000	£000
Tax losses	-	24
Unrealised capital gains	-	5,133
Origination and reversal of temporary differences	**(2,194)**	(749)
Effect of changes in tax rate on opening liability	**240**	-
Adjustments in respect of previous periods	**(949)**	-
(Released) /expensed to comprehensive income in the year	**(2,903)**	4,408

The charge of £5.1m in the prior year related 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 are unrecognised deferred tax assets of £3.6m.

11.4 Factors that may affect future tax charges

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

12 Company results

	2017	2016
	£000	£000
Loss dealt within the financial statements of the Company itself	**(139)**	(140)

13 Property, plant and equipment (Group)

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

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 £211.7m (2016: £106.5m).

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

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 Kerr 1 Limited, Kerr 2 Limited and Burns & Co. Limited in July 2017 and Manor Service Stations Limited in October 2017. The combined acquired assets and liabilities were as follows:

	Book value	Fair value adjustment	**Fair value**
	£000	£000	**£000**
Tangible fixed assets	15,138	12,614	**27,752**
Inventories	956	-	**956**
Trade debtors	307	-	**307**
Other debtors and prepayments	313	-	**313**
Cash	2,191	-	**2,191**
Trade creditors	(2,813)	-	**(2,813)**
Accruals and deferred income	(219)	-	**(219)**
Corporation tax	(541)	-	**(541)**
VAT and PAYE	(375)	-	**(375)**
Deferred tax	(354)	-	**(354)**
Net assets acquired	14,603	12,614	**27,217**

	£000
Cash consideration on completion	**49,507**
Net assets acquired	**(27,217)**
Goodwill arising	**22,290**

16 Investments

The Company's investments at both 31 December 2017 and 2016 comprise shares in CD&R Firefly 2 Limited (Note 28).

17 Inventories

	Group 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Finished goods - fuel	24,050	23,293	-	-

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 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Trade receivables	34,872	27,490	-	-
Other receivables	1,450	1,297	31	28
Accrued income and prepayments	5,402	4,467	-	-
Assets held for sale	-	448	-	-
	41,724	33,702	31	28

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	1,381	1,203	-	-
Three to six months	465	1,028	-	-
Total	1,846	2,231	-	-

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

	£000	£000	£000	£000
Largest receivable	5,341	4,305	-	-

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

19 Cash and cash equivalents

	Group 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Cash and cash equivalents	46,627	54,499	-	-

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 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Trade payables	116,633	100,874	-	-
Corporation tax payable	3,523	1,959	-	-
Other tax and social security	430	881	-	-
Other creditors	5,083	4,701	-	-
Derivatives - Note 22.5	3,248	3,731	-	-
	128,917	112,146	-	-
Accruals	10,140	5,131	-	-
	139,057	117,277	-	-
Deferred tax - Note 11.3	6,578	9,127	-	-
Borrowings - Note 21	608,134	557,977	1,507	1,368
	614,712	567,104	1,507	1,368

21 Borrowings

	Group 2017	Group 2016	**Company 2017**	Company 2016
	£000	£000	**£000**	£000
Non-current				
Secured bank loan	**463,210**	353,161	**-**	-
Shareholder loans	**84,924**	204,816	**1,507**	1,368
Secured bank overdraft	**60,000**	-	**-**	-
Total borrowings	**608,134**	557,977	**1,507**	1,368

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

Between one and two years:				
Preference shares	**1,507**	1,368	**1,507**	1,368
Between two and five years:				
Secured bank loan	**463,210**	353,161	**-**	-
Secured bank overdraft	**60,000**	-	**-**	-
	523,210	353,161	**-**	-
After five years:				
Shareholder loans	**83,417**	203,448	**-**	-

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 and increased again in July 2017 to £465m. It is repayable in 2022 and is secured by a charge on all Group assets. Interest is set at 4.50% over LIBOR subject to certain conditions. During the year the bank overdraft facility of £100m was utilised with a balance of £60m at year end. The bank overdraft is repayable, in part or in whole, at the Group's sole option at any time, but not later than 2021, and interest is set at 4.0% over LIBOR subject to certain conditions.

The amount 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 redeemable 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. These preference shares earn a cumulative preferential 12% dividend, payable when distributable profits allow. This dividend is treated as interest and accrued.

The remainder of the shareholder loans, due beyond 5 years, consist of £70.3m (2016: £171.8m) from the Company's immediate parent undertaking and £13.1m (2016: £31.6m) 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, at the Company's sole option. In July 2017 £134.3m of these loans were repaid to shareholders, together with related accrued interest, as part of the Group refinancing.

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 2017	Group 2016	**Company 2017**	Company 2016
	£000	£000	**£000**	£000
Trade and other receivables	**36,322**	29,235	**31**	28
Trade and other payables	**121,716**	105,575	**-**	-
Cash and cash equivalents	**46,627**	54,499	**-**	-

22.3 Financial assets

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

	Group 2017	Group 2016	**Company 2017**	Company 2016
Cash and cash equivalents	**46,627**	54,499	**-**	-
Trade receivables	**34,872**	27,490	**-**	-
Other receivables	**1,450**	1,297	**31**	28
Assets held for sale	**-**	448	**-**	-
	82,949	83,734	**31**	28

22.4 Financial liabilities

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

	Group 2017	Group 2016	**Company 2017**	Company 2016
	£000	£000	**£000**	£000
Trade payables	**116,633**	100,874	**-**	-
Loans	**608,134**	557,977	**1,507**	1,368
	724,767	658,851	**1,507**	1,368

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 2017	Group 2016	**Company 2017**	Company 2016
	£000	£000	**£000**	£000
Balance brought forward	**3,731**	206	**-**	-
Movements in year:				
- Interest rate cap	**(235)**	29	**-**	-
- Interest rate swap	**(248)**	3,496	**-**	-
Balance carried forward	**3,248**	3,731	**-**	-

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 2017	Group 2016	Company 2017	Company 2016
	Number	Number	Number	Number
Ordinary share of £1.00	-	-	-	-
A Ordinary shares of 1p issued at £1.00 each	119,856	116,820	119,856	116,820
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	516,477	513,441	516,477	513,441
Preference shares of 0.0001p issued at £1.00 each	1,164,432	1,164,432	1,164,432	1,164,432
Total shares	1,680,909	1,677,873	1,680,909	1,677,873

During the year 3,036 A Ordinary shares (2016: 15,840 A Ordinary shares) were issued for a cash consideration of £3,036 (2016: £15,840).

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

23.2 Nominal value of shares in issue, fully paid

	Group 2017	Group 2016	Company 2017	Company 2016
	£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 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Brought forward	497	481	497	481
Arising during the year	3	16	3	16
Carried forward	500	497	500	497

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 2017	Group 2016	**Company 2017**	Company 2016
	£000	£000	**£000**	£000
Brought forward	**(14,178)**	(13,117)	**310**	434
Share premium on shares issued in year	**3**	16	**3**	16
Profit/(Loss) for the year	**19,624**	(1,077)	**(139)**	(140)
Carried forward	**5,449**	(14,178)	**174**	310

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 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Balances on loans owed to key personnel or companies owned by them at year end, including accrued interest were as follows:				
Alasdair Locke (Director)	**7,388**	17,840	-	-
Timothy Allan (Director of a Subsidiary)	**884**	2,136	-	-
William Bannister (Director and Chief Executive)	**1,558**	3,762	-	-
Thomas Biggart (Chief Investment Officer)	**1,558**	3,762	-	-
Jeremy Clarke (Chief Operating Officer)	**1,558**	3,762	-	-
Simon Lane (Chief Financial Officer)	**94**	237	-	-
Peter Newman (Director)	**33**	78	-	-
	13,073	31,577	-	-

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 *	09547855	Yes
Indirectly held		
CD&R Firefly 3 Limited *	09547882	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
Kerr 1 Limited	10717536	Exempt
Kerr 2 Limited	00687187	Exempt
Burns & Co. Limited	01454826	Exempt
Manor Service Stations Limited	01938740	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 2017	Group 2016	**Company 2017**	Company 2016
	£m	£m	**£m**	£m
Land and buildings				
Within one year	**1,601**	1,568	-	-
In the second to fifth years inclusive	**4,640**	5,383	-	-
After fifth year	**31,442**	36,899	-	-
	37,683	43,850	-	-

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

On 27th February 2018 the Group announced the acquisition of MRH. Founded in 1997 and headquartered in Staines-upon-Thames, MRH is the U.K.'s largest independent forecourt operator, serving 2.5 million customers every week at 491 sites across the country. Through partnerships with petrol companies BP, Shell and Esso, MRH sells up to 2.5 billion litres of fuel annually. MRH also operates retail offerings that include Spar, Budgens, Subway, Costa and Greggs, as well as its own Hursts format. The transaction will create the UK's number one operator by number of sites with over 900 in the newly formed group. The transaction is valued at approximately £1.2 billion, to be settled wholly in cash, and is expected to be completed in the second quarter of 2018, subject to the customary regulatory approvals. Arrangements have been made with the Group's banking syndicate for an increase in the Group's debt facilities at completion.