

Petroineos Fuels Assets Limited
Annual report
for the year ended 31 December 2014

Registered Number 6981850

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Petroineos Fuels Assets Limited
Annual report
for the year ended 31 December 2014
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Petroineos Fuels Assets Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report on Petroineos Fuels Assets for the year ended 31 December 2014.

Review of the business and future developments

The business has performed well during 2014 with excellent supply availability along with a continued good safety record. Petroineos Fuels Asset Limited invoices a related company, Petroineos Fuels Limited, the costs and a small margin for operating the terminal. Whilst the first half of 2015 has delivered strong Refining margins the longer term outlook remains challenging, the directors believe that through its excellent client loyalty, grown through its reputation for reliability and consistently high service levels, that there is every reason to believe that the Company can build on these established foundations. During 2015 the focus will continue on updating the condition of the assets particularly concentrating during the year on gas oil and diesel tankage.

Strategy

The Company's aim is to continue to run a low cost reliable asset whilst maintaining the highest level of safety. As in previous years the upgrading of its Dalston terminal is the key priority and with the completion of its petrol tankage refurbishment in 2013 the future strategy will be the continued upgrade of the middle distillate tankage (gas oil and diesel) during 2015 whilst not impacting customer supply availability.

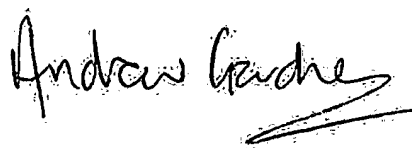
Key performance indicators (KPI's)

Given the straight forward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of Petroineos Refining Limited, which includes the Company is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Petroineos Refining Limited, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

By order the of the board



Andrew Gardner

Director

31 July 2015

Petroineos Fuels Assets Limited

Directors' report for the year ended 31 December 2014

The directors present their report and audited financial statements of the company for the year ended 31 December 2014.

Principal activities

The Company is engaged in the storage, supply and distribution of refined products to oil majors, large and small distributors, supermarkets and traders. Petroineos Fuels Assets Limited is responsible for the storage, supply and distribution of materials received by train from the Grangemouth refinery into and from the Dalston supply terminal.

Results and dividends

The profit on ordinary activities before taxation was £9,223 (2013: £36,868). The directors do not propose the payment of a dividend (2013: nil).

Future developments

Future developments are discussed in the strategic report.

Financial risk management

The Company is reliant on funding from Petroineos Trading Limited to meet the anticipated needs of the Company. Petroineos Trading Limited have facilities totalling \$3.32 billion at the end of the year. The facilities are supported by a letter of comfort from PetroChina Company Limited and are uncommitted facilities due to a commercial arrangement between PetroChina and the banks.

Directors

The directors who held office during the year and up to date of signing the financial statements were as follows:

A R Gardner

A Traynor (resigned 15th January 2015)

Employees

The Company has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Company encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the company by issuing communications on the company intranet and holding monthly employee information meetings hosted by the board.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Petroineos Fuels Assets Limited

Directors' report for the year ended 31 December 2014 (continued)

Health & safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Petroineos Fuels Assets Limited

Directors' report for the year ended 31 December 2014 (continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (i) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.
- (ii) each director has taken all the steps that he ought to have taken in his duty as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

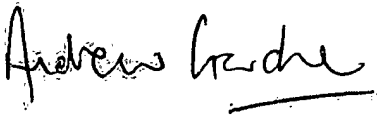
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditors

During the year PricewaterhouseCoopers LLP were re-appointed as auditors of the company.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



Andrew Gardner

Director

31 July 2015

Registered number 6981850

Petroineos Fuels Assets Limited

Independent auditors' report to the members of Petroineos Fuels Assets Limited

Report on the financial statements

Our opinion

In our opinion, Petroineos Fuels Assets Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Petroineos Fuels Assets Limited

Independent auditors' report to the members of Petroineos Fuels Assets Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Petroineos Fuels Assets Limited

Independent auditors' report to the members of Petroineos Fuels Assets Limited (continued)

What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 July 2015

Petroineos Fuels Assets Limited

Profit and loss account for the year ended 31 December 2014

| | Note | 2014 £ | 2013 £ |
|--|------|----------------|----------------|
| Turnover | 1 | 1,018,675 | 1,039,400 |
| Cost of sales | | (838,406) | (786,758) |
| Gross profit | | 180,269 | 252,642 |
| Administrative expenses | | (131,761) | (203,146) |
| Operating profit | 2 | 48,508 | 49,496 |
| Interest receivable and similar income | 3 | - | 2,564 |
| Interest payable and similar charges | 4 | (39,285) | (15,192) |
| Profit on ordinary activities before taxation | | 9,223 | 36,868 |
| Tax on profit on ordinary activities | 5 | (1,864) | (6,647) |
| Profit for the financial year | 12 | 7,359 | 30,221 |

The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

All activities of the company relate to continuing operations.

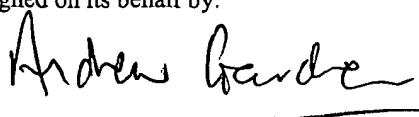
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Petroineos Fuels Assets Limited

Balance sheet at 31 December 2014

| | Note | 2014 £ | 2013 £ |
|---|------|--------------------|--------------------|
| Fixed Assets | | | |
| Tangible assets | 7 | 1,664,471 | 1,431,435 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 427,057 | 770,248 |
| Total current assets | | 427,057 | 770,248 |
| Creditors: amounts falling due within one year | 9 | (1,968,133) | (2,087,511) |
| Net current liabilities | | (1,541,076) | (1,317,263) |
| Total assets less current liabilities | | 123,395 | 114,172 |
| Provisions for liabilities and charges | 10 | (17,491) | (15,627) |
| Net assets | | 105,904 | 98,545 |
| Capital and reserves | | | |
| Called up share capital | 11 | 1 | 1 |
| Profit and loss account | 12 | 105,903 | 98,544 |
| Total shareholders' funds | 13 | 105,904 | 98,545 |

The financial statements on pages 8 to 18 were approved by the board of directors on 31 July 2015 and were signed on its behalf by:



Andrew Gardner
Director

Petroineos Fuels Assets Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The company is ultimately consolidated within the financial statements of Petroineos Refining Limited, which are available from the Company Secretary (note 15). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 'Cash Flow Statements (revised 1996)'.

Turnover

Turnover, which is stated net of value added tax, represents the recovery of costs from Petroineos Fuels Limited under the terms of the service contract between the two companies. Under the service contract, Petroineos Fuels Assets Limited provides a storage and dispatch service, for which the company charges a service fee. These are charged on a monthly basis and are recognised on an accrual basis, as the service is delivered.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original cost of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Assets are capitalised in recognition of future economic benefit or for Health and Safety Executive compliance.

Capital work in progress is held as assets under construction until fully commissioned and transferred into active use.

Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful economic life, taking into account expected residual values, using the following rates:

Plant and machinery - 10 - 20 years

Assets under construction are not depreciated.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014

1 Turnover

Turnover, all of which is generated in the UK, represents the revenue generated in the provision of storage and dispatch services.

2 Operating profit

This is stated after charging:

| | 2014 | 2013 |
|--|----------------|---------------|
| | £ | £ |
| Depreciation of owned tangible fixed assets (note 7) | 121,633 | 58,193 |

The audit fee for Petroineos Fuels Assets Limited was £4,394 (2013: £4,266).

3 Interest receivable and similar income

| | 2014 | 2013 |
|---|-------------|--------------|
| | £ | £ |
| Interest income from group undertakings | - | 2,564 |

4 Interest payable and similar charges

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| Interest payable on loan from group undertakings | 39,285 | 15,192 |

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Tax on profit on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows:

| | 2014 | 2013 |
|---|-------|---------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits of the year | - | - |
| Adjustments in respect of previous years | - | (8,980) |
| Total current tax | - | (8,980) |
| Deferred tax for the year | | |
| Origination and reversal of timing difference | 1,844 | 8,572 |
| Current year rate change | - | (1,198) |
| Adjustments in respect of previous year | 20 | 8,253 |
| Total Deferred tax (note 10) | 1,864 | 15,627 |
| Tax on profit on ordinary activities | 1,864 | 6,647 |

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The difference is explained below:

| | 2014 | 2013 |
|---|----------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | 9,223 | 36,868 |
| Profit on ordinary activities multiplied by the standard rate in the UK 21.5% (2013: 23.25%) | 1,983 | 8,572 |
| Accelerated capital allowances and other timing differences | (1,983) | (8,572) |
| Adjustments in respect of previous year | - | (8,980) |
| Current tax charge/(credit) for the year | - | (8,980) |

(c) Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Further reductions in the corporation tax rate, to 21% from 1 April 2014 and to 20% from 1 April 2015, were substantially enacted for accounting purposes on 2 July 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.5% and deferred taxation has been calculated at a rate of 20%.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £1,746,000 and increase the tax charge for the year by £186,000.

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the Company during the financial year (2013: none).

(b) Employee costs

The aggregate payroll costs of persons employed by the Company during the year was:

| | 2014 | 2013 |
|-----------------------|---------|---------|
| | £ | £ |
| Wages and salaries | 122,971 | 173,774 |
| Social security costs | 13,700 | 19,808 |
| Other pension costs | 8,407 | 9,564 |
| | 145,078 | 203,146 |

(c) Average monthly number of employees during the year was:

| | 2014 | 2013 |
|------------|--------|--------|
| | Number | Number |
| Operations | 3 | 3 |

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Tangible assets

| | Plant & Machinery £ | Assets under construction £ | Total £ |
|---------------------------------|---------------------------|-----------------------------------|------------------|
| Cost | | | |
| At 1 January 2014 | 1,005,493 | 533,000 | 1,538,493 |
| Additions | - | 354,669 | 354,669 |
| Transfers | 661,537 | (661,537) | - |
| At 31 December 2014 | 1,667,030 | 226,132 | 1,893,162 |
| Accumulated depreciation | | | |
| At 1 January 2014 | (107,058) | - | (107,058) |
| Charge for the year | (121,633) | - | (121,633) |
| At 31 December 2014 | (228,691) | - | (228,691) |
| Net book amount | | | |
| At 31 December 2014 | 1,438,339 | 226,132 | 1,664,471 |
| At 31 December 2013 | 898,435 | 533,000 | 1,431,435 |

8 Debtors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 107,250 | 126,147 |
| Amounts owed by related parties | 285,201 | 644,101 |
| Other debtors | 22,728 | - |
| Prepayments and accrued income | 9,849 | - |
| Other taxes recoverable | 2,029 | - |
| | 427,057 | 770,248 |

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9 Creditors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 81,753 | - |
| Amounts owed to group undertakings | 1,824,986 | 1,548,264 |
| Amounts owed to related parties | 44 | 329,734 |
| Taxation and social security | - | 85,480 |
| Accruals and deferred income | 61,350 | 124,033 |
| | 1,968,133 | 2,087,511 |

10 Provisions for liabilities and charges

Deferred tax liability provided for as follows:

| | 2014 £ | 2013 £ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 17,491 | 15,627 |

Analysis of movement in the year:

| | Accelerated Capital Allowances £ |
|--|---|
| At 1 January 2014 | 15,627 |
| Charge to profit and loss account (note 5) | 1,864 |
| Total at 31 December 2014 | 17,491 |

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

11 Called up share capital

| | 2014 £ | 2013 £ |
|----------------------------------|-----------|-----------|
| Allotted and fully paid | | |
| 1 (2013: 1) ordinary share of £1 | 1 | 1 |

12 Profit and loss account

| | 2014 £ | 2013 £ |
|-------------------------------|----------------|---------------|
| At 1 January 2014 | 98,544 | 68,323 |
| Profit for the financial year | 7,359 | 30,221 |
| At 31 December 2014 | 105,903 | 98,544 |

13 Reconciliation of movements in shareholders' funds

| | 2014 £ | 2013 £ |
|------------------------------------|----------------|---------------|
| Profit for the financial year | 7,359 | 30,221 |
| Opening shareholders' funds | 98,545 | 68,324 |
| Closing shareholders' funds | 105,904 | 98,545 |

14 Related party transactions

The Company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related party disclosures", and has not disclosed transactions with group companies on the grounds that it is a wholly owned subsidiary. The consolidated financial statements of Petroineos Refining Limited are available from the Company Secretary (note 15).

Petroineos Fuels Assets Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

15 Ultimate parent undertaking

Petroineos Refining Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of Petroineos Refining Limited can be obtained from the Company Secretary at 5 Wilton Road, London, SW1V 1AN.

There is no ultimate parent company or ultimate controlling party since Petroineos Refining Limited is a joint venture between INEOS Investments (Jersey) Limited and PetroChina International (London) Company Limited.