Petroineos Fuels Assets Limited

Annual report and financial statements

Registered number 06981850

31 December 2020

Contents

Strategic report	2
Director's report	3
Statement of the director's responsibilities in respect of the strategic report, director's report and the financial statements	6
Independent auditor's report to the members of Petroineos Fuels Assets Limited	7
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes (forming part of the financial statements)	14

Strategic report for the year ended 31 December 2020

The director presents their strategic report on Petroineos Fuels Assets Limited for the year ended 31 December 2020.

Review of the business and future developments
Despite the advent of the Coronavirus pandemic in 2020 and the subsequent lockdowns in effect in the north of England, the business has performed well with excellent supply availability and a continued good safety record. Petroineos Fuels Assets Limited invoices a related company, Petroineos Fuels Limited, the costs and a small margin for operating the Dalston terminal. Although the longer-term outlook remains challenging, the director believes that through its partnership with Petroineos Fuels Limited, there is every reason to believe that the Company will continue to operate for the foreseeable future.

Strategy
The Company's aim is to continue to run a safe, reliable asset whilst increasing our resilience through the installation of additional storage and flexibility. We continue to seek opportunities to develop the business within the geographic niche in North West England we occupy, through enhancement of our offering whilst driving down costs and improving logistics efficiencies.

Key performance indicators (KPIs)
Given the straight forward nature of the business, the Company tracks limited key performance indicators based on improvements to the asset and the underlying cost base (underlying cost base is calculated as operating costs less depreciation) to deliver that service. Capital expenditure for the year decreased to £50,177 (2019: £825,037). The underlying cost base increased to £1,074,597 (2019: £956,349).

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.

Risks and uncertainties associated with the COVID-19 pandemic
The director has separately reviewed the risk and uncertainty arising from the COVID-19 pandemic. Pertinent to the continuing business, the director has assessed whether there will be a request to settle the amounts owed to group undertakings in the immediate period. From this assessment, the director has assurances that there is appropriate funding within the Petroineos organisation and financial support for Petroineos Fuels Assets Limited will continue. The parent company, Petroineos Refining Limited has indicated its intention through a letter of support to continue to make available such funds as are needed by the Company and that it does not intend to seek repayment of the amounts due at the balance sheet date for a period of at least 12 months from the date of approval of these financial statements.

Approved and signed on behalf of the board

Russell Mann

Russell Mann
Director
15 October 2021

Director's report for the year ended 31 December 2020

The directors present their report and audited financial statements of the Company for the year ended 31 December 2020.

Principal activities

Petroineos Fuels Assets Limited owns the Dalston fuels terminal in the north of England. It operates the terminal on behalf of Petroineos Fuels Limited and is responsible for the storage, supply and distribution of hydrocarbon fuels received by train from the Grangemouth refinery. It charges Petroineos Fuels Limited a service fee in return for this service.

Results and dividends

The loss before taxation was £177,183 (2019: loss £195,748). The director does not propose the payment of a dividend (2019: nil).

Future developments

Future developments, including the continuing uncertainties associated with the coronavirus pandemic, are discussed in the Strategic Report.

Financial risk management

The Company and its parent company, Petroineos Refining Limited are reliant on funding from Petroineos Trading Limited to meet the anticipated needs of the company. As at 31 December 2020, the Petroineos Trading Group had access to uncommitted bank credit facilities of $6,695 million of which $937 million were utilised in the form of loans and $1,496 million utilised in the form of Letters of Credit. The uncommitted facilities are supported by letters of comfort from PetroChina Company Limited.

The parent company, Petroineos Refining Limited, has indicated its intention, through a letter of support, to financially support the Company and assist it in meeting the Company's liabilities for a period of at least 12 months from the date of approval of these financial statements as to the extent that funding is not otherwise available to the Company.

Going Concern

The director has presented a full assessment of going concern and its application to the basis of preparation of these financial statements within the accounting policies note on page 15.

Directors

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

D Brain	Resigned 2 August 2021
R Mann	

Director's report for the year ended 31 December 2020 (continued)

Directors liabilities

The Company maintains liability insurance for its directors and officers. The Company also provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006, and was in force throughout the period and up until the date of this report.

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 intranet and holding 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 people with a disability. 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.

Political and charitable contributions

The Company made no political or charitable contributions during the financial year (2019: nil).

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.

Director's report for the year ended 31 December 2020 (continued)

Disclosure of information to auditor

The director at the date of approval of this report confirms that:

(i) so far as the director is aware, that there is no relevant audit information of which the Company's auditor is unaware.

(ii) the 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 auditor is aware of that information.

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

Independent auditor

KPMG LLP will step down from their role as auditor in 2021 and a new auditor will be appointed.

Approved and signed on behalf of the board

Russell Mann

Russell Mann
Director
15 October

Registered number 06981850

Statement of the director's responsibilities in respect of the strategic report, director's report and the financial statements

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The director is 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. The director is 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Petroineos Fuels Assets Limited

Opinion

We have audited the financial statements of Petroineos Fuels Assets Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes In Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The director has prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the director's conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and other management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

- We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company generates no third-party revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Strategic report and director's report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 6, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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

Juliette Lowes

Juliette Lowes (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London, E14 5GL

15 October 2021

Profit and Loss Account
for year ended 31 December 2020

	Note	**2020**	2019
		£	£
Turnover	*2*	**1,637,489**	1,452,170
Cost of sales		**(1,266,306)**	(1,166,565)
Gross profit		**371,183**	285,605
Administrative expenses		**(308,832)**	(213,657)
Operating profit	*3*	**62,351**	71,948
Interest payable and similar charges	*6*	**(239,534)**	(267,696)
Loss before tax		**(177,183)**	(195,748)
Tax on loss	*7*	**37,135**	16,550
Loss for the financial year		**(140,048)**	(179,198)

All activities of the company relate to continuing operations.

The Company has no recognised other comprehensive income and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes form part of these financial statements.

Balance Sheet
At 31 December 2020

	Note	2020	2019
		£	£
Fixed Assets			
Tangible assets	*8*	**7,992,808**	8,443,172
Current assets			
Debtors	*9*	**380,196**	393,840
Cash at bank and in hand	*10*	**130,098**	323,702
Total current assets		**510,294**	717,542
Creditors: amounts falling due within one year	*11*	**(8,680,510)**	(9,269,714)
Net current liabilities		**(8,170,216)**	(8,552,172)
Total assets less current liabilities		**(177,408)**	(109,000)
Provisions for liabilities and charges	*13*	**(71,640)**	-
Net liabilities		**(249,048)**	(109,000)
Capital and reserves			
Called up share capital	*14*	**1**	1
Profit and loss account		**(249,049)**	(109,001)
Total equity		**(249,048)**	(109,000)

The accompanying notes form part of these financial statements.

These financial statements on pages 11 to 27 were approved by the board of directors on 15 October and were signed on its behalf by:

Russell Mann

Russell Mann
Director

Company registered number: 06981850

Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2019	1	70,197	70,198
Total comprehensive expense for the year			
Loss for the financial year	-	(179,198)	(179,198)
Balance at 31 December 2019	**1**	**(109,001)**	**(109,000)**

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2020	1	(109,001)	(109,000)
Total comprehensive expense for the year			
Loss for the financial year	-	(140,048)	(140,048)
Balance at 31 December 2020	**1**	**(249,049)**	**(249,048)**

The accompanying notes form part of these financial statements.

Notes (forming part of the financial statements)

1 Accounting policies

Petroineos Fuels Assets Limited (the "Company") is a company limited by shares, incorporated and domiciled in the UK. The registered office address is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Petroineos Refining Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Petroineos Refining Limited are prepared in accordance with International Financial Reporting Standards and can be obtained from the Company Secretary, The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs and;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Petroineos Refining Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting polices set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

Notwithstanding net current liabilities of £8,170,216 as at 31 December 2020 (2019: £8,552,172 net current liability) and a loss for the year then ended of £140,048 (2019: £179,198 loss), the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

In determining the appropriate basis of preparation for the financial statements for the year ended 31 December 2020, the director is required to consider whether the Company will be able to operate within the level of available funding and cash for the foreseeable future, being a period of at least twelve months following the approval of the financial statements. The director has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of COVID-19 on the Company as set out below.

The Company invoices a related company, Petroineos Fuels Limited, the costs and a small margin for operating the Dalston terminal. Although the longer-term outlook remains challenging, the director believes that through its partnership with Petroineos Fuels Limited, there is every reason to believe that the Company will continue to operate for the foreseeable future. At the date of approval of these financial statements the arrangement was still in force and no notice of termination had been made by either party.

Since late March 2020, the Petroineos Group has faced challenges and uncertainties in the refining business and demand for fuel products and refining margins have been adversely affected by the pandemic. Nevertheless, the director expects the long-term outlook to be resilient. Forecasts prepared, taking account of severe, but plausible downsides, demonstrate that the wider Group will be able to operate within the level of currently available uncommitted facilities for a period of at least twelve months following the approval of the financial statements. The high level of uncertainty as to how the COVID-19 pandemic might evolve over the remainder of 2021 and into 2022, and its effects on the operation of the business, commodity pricing and the wider Energy market makes precise forecasting challenging. There is a higher degree of uncertainty than would usually be the case in making the key judgements and assumptions that underpin the director's financial forecasts.

Petroineos Trading Limited has indicated its intention to continue to provide financial and other support to Petroineos Refining Limited and its subsidiaries, including the Company, to operate as a Going Concern for a period of at least twelve months from the date of approval of the financial statements.

The Going Concern assessment of the Company is reliant on uncommitted banking facilities continuing to be made available to Petroineos Trading Limited, to draw-down throughout the forecast period for the purpose of Trade Finance and general-purpose corporate borrowing in order to fund the Company's future working capital and capital expenditure requirements. The nature of uncommitted banking facilities means that the ongoing availability of the facilities, in their entirety, and the approvals to draw-down the facilities are outside the control of Petroineos Trading Limited. Should such uncommitted facilities not be made available to Petroineos Trading Limited to utilise in the next twelve months, PetroChina International (London) Co., Ltd has indicated its intention to make available banking facilities and cash to enable Petroineos Trading Limited to meet its financial liabilities and obligations as they fall due and continue to trade.

Furthermore, the Company's forecasts are dependent on Petroineos Refining Limited not seeking repayment of the amounts currently due to Petroineos Refining Limited, which at 31 December 2020 amounted to £8.4 million, and providing additional financial support during the forecast period. Petroineos Refining Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes (forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment 10 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Assets under construction are not depreciated.

Notes (forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.7 Post employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan is recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Turnover

Turnover, which is stated net of value added tax and sales taxes 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.

1.10 Expenses

Finance income and expense

Finance income comprises interest receivable on cash and cash equivalents and from amounts receivable from other group undertakings and related parties. Group and related party receivables are generally administered on an "in-house cash" basis with interest rates calculated at agreed margins over one-month LIBOR. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable includes interest payable, recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes (forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.12 Changes in accounting policy

There are no amendments or interpretations to accounting policies that apply for the first time in 2020. Consequently, there is no impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

1.13 Accounting Estimates and Judgements

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 8 for the carrying amount of the property, plant and equipment, and Note 1.5 for the useful economic lives for each class of assets.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. IFRS 9 applies a forward-looking 'expected credit loss' (ECL) model in assessing the recoverability of trade debtors. The Company will review the assumptions of the ECL model on a yearly basis.

Notes (forming part of the financial statements) *(continued)*

2 Turnover

Turnover, all of which is generated in the UK, represents the revenue generated in the provision of storage and dispatch services provided under a service agreement to Petroineos Fuels Limited. In consideration for Petroineos Fuels Assets Limited obligations under a service agreement, Petroineos Fuels Limited pays the base cost and a service fee of 5%.

There are no contract assets or liabilities outstanding at the end of the year (2019: nil). All amounts due are included in Debtors (note 9)

3 Operating profit

Included in profit are the following:

	2020	2019
	£	£
Depreciation of owned tangible fixed assets (note 8)	**500,541**	423,873
Net Exchange loss/(gain)	**4,973**	(7,374)

Auditor's remuneration:

	2020	2019
	£	£
Audit of these financial statements	**15,000**	12,000
	15,000	12,000

Notes (forming part of the financial statements) *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Operations	**8**	4

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£	£
Wages and salaries	**260,289**	184,467
Social security costs	**27,888**	17,770
Pension costs - defined contribution plan	**20,655**	11,420
	308,832	213,657

5 Directors' remuneration

No directors had benefits accruing under a defined benefit pension scheme (2019: none).

No directors received any fees or remuneration for services as a director of the Company during the financial year (2019: none).

6 Interest payable and similar charges

	2020	2019
	£	£
Interest expense on financial liabilities measured at amortised cost	**239,534**	267,696
Total interest payable and similar charges	**239,534**	267,696

Interest payable and similar charges includes interest payable to group undertakings of £239,534 (2019: £267,696).

Notes (forming part of the financial statements) *(continued)*

7 Tax on profit on ordinary on activities

Recognised in the profit and loss account

	2020	2019
	£	£
Current tax:		
Group relief receivable	(138,276)	-
Adjustments in respect of prior periods	-	136,446
Total current tax (credit)/charge	(138,276)	136,446
Deferred tax (see note 13)		
Origination and reversal of temporary differences	104,611	(37,192)
Adjustment in respect of prior periods	-	(119,719)
Current year rate change	(3,470)	3,915
Total deferred tax charge/(credit)	101,141	(152,996)
Tax on loss	(37,135)	(16,550)

Reconciliation of effective tax rate

	2020	2019
	£	£
Total tax credit	(37,135)	(16,550)
Loss before taxation	(177,183)	(195,748)
Loss multiplied by the standard rate of tax in the UK of 19% (2019:19%)	(33,664)	(37,192)
Adjustments in respect of prior periods	-	16,727
Current year rate change for deferred tax	(3,471)	3,915
Total tax credit	(37,135)	(16,550)

The standard rate of corporation tax in the UK remained at 19% for the entire duration of the year ended 31 December 2020. Under legislation enacted in 2016, the UK corporation tax rate of 19% was due to reduce to 17% on 1 April 2020. As a consequence the company measured its recognised deferred tax assets and deferred tax liabilities at 17% as at 31 December 2019. However, legislation was substantially enacted on 17 March 2020 which revoked the reduction to 17% and maintained the corporation tax rate of 19%. Deferred tax on recognised deferred tax assets and deferred tax liabilities has therefore been calculated at a rate of 19% as at 31 December 2020.
The UK Government has announced its intention to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023. However, as this announcement was not substantially enacted by 31 December 2020, it is not reflected in the recognised deferred tax asset or deferred tax liability balances.

Notes (forming part of the financial statements) *(continued)*

8 Tangible fixed assets

	Land and Buildings £	Plant and Equipment £	Under Construction £	Total £
Cost				
Balance at 1 January 2019	163,988	6,692,846	2,185,410	9,042,244
Additions	-	-	825,037	825,037
Transfers	-	265,060	(265,060)	-
Balance at 31 December 2019	163,988	6,957,906	2,745,387	9,867,281
Balance at 1 January 2020	163,988	6,957,906	2,745,387	9,867,281
Additions	-	-	50,177	50,177
Transfers	-	1,145,957	(1,145,957)	-
Balance at 31 December 2020	**163,988**	**8,103,863**	**1,649,607**	**9,917,458**
Accumulated depreciation and impairment				
Balance at 1 January 2019	-	(1,000,236)	-	(1,000,236)
Depreciation charge for the financial year	-	(423,873)	-	(423,873)
Balance at 31 December 2019	-	(1,424,109)	-	(1,424,109)
Balance at 1 January 2020	-	(1,424,109)	-	(1,424,109)
Depreciation charge for the financial year	-	(500,541)	-	(500,541)
Balance at 31 December 2020	-	**(1,924,650)**	-	**(1,924,650)**
Net book value				
At 31 December 2020	**163,988**	**6,179,213**	**1,649,607**	**7,992,808**
At 31 December 2019	163,988	5,533,797	2,745,387	8,443,172

Notes (forming part of the financial statements) *(continued)*

9 Debtors

	2020	2019
	£	£
Amounts owed by related parties	**345,517**	276,757
Amounts owed by group undertakings	**17,142**	70,320
Prepayments and accrued income	**17,537**	17,262
Deferred tax asset (note 13)	**-**	29,501
	380,196	393,840
Due within one year	**380,196**	393,840

10 Cash at bank and in hand

	2020	2019
	£	£
Cash at bank and in hand	**130,098**	323,702

11 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	**44,580**	34,913
Amounts owed to related parties	**4,830**	-
Amounts owed to group undertakings	**8,468,676**	9,001,563
Accruals and deferred income	**113,397**	159,435
Other creditors	**49,027**	73,803
	8,680,510	9,269,714

Notes (forming part of the financial statements) *(continued)*

12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020	2019
	£	£
Creditors falling due within one year		
Intercompany loan	**8,482,342**	8,605,762
	8,482,342	8,605,762

Terms and debt repayment schedule

	Currency	**Nominal interest rate**	**Year of maturity**	**Face value 2020 £**	**Carrying amount 2020 £**	**Face value 2019 £**	**Carrying amount 2019 £**
Intercompany loan	**£**	**2.5% + Libor**	**2021**	**8,482,342**	**8,482,342**	8,605,762	8,605,762
				8,482,342	**8,482,342**	8,605,762	8,605,762

Notes (forming part of the financial statements) *(continued)*

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	Liabilities	Net
	2020	**2020**	**2020**
	£	**£**	**£**
Tax losses	**506,029**	**-**	**506,029**
Accelerated capital allowances	**-**	**(577,669)**	**(577,669)**
	506,029	**(577,669)**	**(71,640)**

	Assets	Liabilities	Net
	2019	**2019**	**2019**
	£	**£**	**£**
Tax losses	135,244	-	135,244
Accelerated capital allowances	-	(105,743)	(105,743)
	135,244	(105,743)	29,501

The director considers that it is probable that there will be sufficient taxable profits in the future such as to realise the recognised deferred tax asset on tax losses. Where there is uncertainty of the reversal of such differences, these amounts remain unprovided.

Notes (forming part of the financial statements *(continued)*

13 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the year

	1 January 2020	Recognised in income	31 December 2020
	£	£	£
Tax losses	135,244	370,785	506,029
Accelerated capital allowances	(105,743)	(471,926)	(577,669)
	29,501	(101,141)	(71,640)

Movement in deferred tax during the prior year

	1 January 2019	Recognised in income	31 December 2019
	£	£	£
Tax losses	167,438	(32,194)	135,244
Accelerated capital allowances	(290,933)	185,190	(105,743)
	(123,495)	152,996	29,501

14 Share Capital

		No. of shares
Ordinary shares of £1.00		1
	2020	2019
Allotted, called up and fully paid	**£**	£
At 1 January	**1**	1
Issued during the year	-	-
At 31 December	**1**	1

Notes (forming part of the financial statements) *(continued)*

15 Related parties

Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow subsidiaries under common ownership. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

Other related party transactions

	Sales to related party		**Expenses incurred from related party**	
	2020	2019	**2020**	2019
	£	£	**£**	£
Petroineos Trading Limited Group	**1,637,489**	1,452,170	-	-
Ineos Group Holdings S.A. Group	-	-	**51,300**	40,753
	1,637,489	1,452,170	**51,300**	40,753

	Receivables outstanding		**Creditors outstanding**	
	2020	2019	**2020**	2019
	£	£	**£**	£
Petroineos Trading Limited Group	**345,517**	276,757	**4,830**	-
	345,517	276.757	**4,830**	-

16 Controlling parties

Petroineos Refining Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. 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.

Copies of the financial statements of Petroineos Refining Limited can be obtained from the Company Secretary:

The Secretary
Petroineos Refining Limited
The Adelphi
1-11 John Adam Street
London
WC2N 6HT