

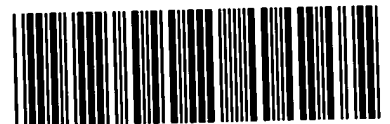
Petroineos Fuels Assets Limited

Annual report and financial statements

Registered number 06981850

31 December 2022

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Strategic report for the year ended 31 December 2022

The directors presents their strategic report on Petroineos Fuels Assets Limited for the year ended 31 December 2022.

Review of the business and future developments

Disruption to the business from the Coronavirus pandemic has ceased and operations have normalised. The business has performed well during the year 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 directors 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 £795 (2021: £3,605). The underlying cost base increased to £1,143,108 (2021: £921,441).

Principal risks and uncertainties

The principal risks and uncertainties facing the Company arise from the nature of regulatory environment, its operational resilience and future of the wider refining industry in light of climate change. Risks associated with the UK Brexit transition period and uncertainties arising from the COVID-19 pandemic have lessened significantly in 2022. The current war in the Ukraine has not had a significant detrimental impact on operations, other than inflationary pressure on its costs.

Regulatory risk

The Company operates in a highly competitive and volatile environment and must maintain and modernise the terminal in order to remain competitive and keep abreast of evolving and increasingly stringent regulations. Non-compliance could result in fines or potentially a loss of our license to operate. The wider Petroineos group of companies employs staff and external advisors to monitor and manage these risks. Funding to realise new projects and keep up to date with prevailing legislation is managed through the relationship with Petroineos Trading Limited.

Climate change

The directors acknowledge that hydrocarbon fuels are a significant source of greenhouse gases driving climate change. As a result, the wider Petroineos group of companies continues to devote significant resource to implementing efficiencies and targeting suitable alternative technologies to drive down the level of emissions. Progress in reducing emissions is expected to mitigate the risks arising from uncertainty in future environmental legislation and penalties designed to curtail the release of greenhouse gases.

Strategic report for the year ended 31 December 2022 (continued)

Interest rate risk

The Company incurs a financial cost from interest on its intra-group loan payable. Interest is calculated on the loan balance on one-month SONIA, plus a credit spread, plus a fixed margin. The Company is therefore exposed to volatility in the movement on interest rates. Interest rates have remained relatively low for some years, but more recently have begun to rise. Consequently, the Company expects a greater cost from servicing its intra-group debt.

Approved and signed on behalf of the board



Russell Mann
Director
30 January 2024

Director's report for the year ended 31 December 2022

The directors present their annual report on the affairs of the Company, together with the financial statements and the auditor's report, for the year ended 31 December 2022.

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 £192,888 (2021: loss £136,754). The directors does not propose the payment of a dividend (2021: nil).

Future developments

Future developments 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 2022, the Petroineos Trading Group had access to uncommitted bank credit facilities of \$6,895 million of which \$335.0 million were utilised in the form of loans and \$2,105.6 million utilised in the form of Letters of Credit. The uncommitted facilities are supported by letters of comfort from PetroChina International (London) Company Company Limited.

The parent company, Petroineos Refining Limited, has indicated its commitment, 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 directors 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 16.

Directors

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

R Mann

D Wilson

Appointed 22 August 2022

Directors' report for the year ended 31 December 2022 (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.

Climate change

The Company's strategy on climate change is included in the directors' report of its fellow subsidiary, Petroineos Manufacturing Scotland Limited.

Political and charitable contributions

The Company made no political or charitable contributions during the financial year (2021: 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.

Directors' report for the year ended 31 December 2022 (continued)

Disclosure of information to auditor

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor pursuant to Section 485-488 of the Companies Act 2006. Appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Events after the balance sheet date

During November 2023, the directors announced their strategic direction to cease refining operations at the Grangemouth site and concentrate on terminal activities. There is no fixed timeline on when this will happen.

Separately, other than Ukraine crisis and inflationary pressure as described in the going concern section, there were no significant post balance sheet events to disclose. Other events after the end of the reporting period have been evaluated up to the date the financial statements were approved and authorised for issue by the Board of Directors and there were no material events requiring adjustment or disclosure in these financial statements.

Approved and signed on behalf of the board

Russell Mann

Russell Mann
Director
30 January 2024

Registered number 06981850

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

The directors are responsible for preparing the Annual 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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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;
- 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. 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Petroineos Fuels Assets Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- inappropriate revenue recognition through fictitious revenue, which we tested via inspection of all the associated revenue invoices and tracing to cash received.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

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.

Gordon Whiley

Gordon Whiley, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 January 2024

Profit and Loss Account
for year ended 31 December 2022

	<i>Note</i>	2022	2021
		£	£
Turnover	2	1,795,231	1,575,670
Cost of sales		<u>(1,288,727)</u>	<u>(1,118,238)</u>
Gross profit		506,504	457,432
Administrative expenses		<u>(421,085)</u>	<u>(382,379)</u>
Operating profit	3	85,419	75,053
Interest payable and similar charges	6	<u>(278,307)</u>	<u>(211,807)</u>
Loss before tax		(192,888)	(136,754)
Tax (charge)/credit on loss	7	<u>(40,214)</u>	<u>36,899</u>
Loss for the financial year		<u>(233,102)</u>	<u>(99,855)</u>

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 2022

	Note	2022 £	2021 £
Non-current assets			
Tangible assets	8	6,851,349	7,417,237
Debtors	9	373,227	108,834
		<u>7,224,576</u>	<u>7,526,071</u>
Current assets			
Debtors	9	172,806	268,668
Cash at bank and in hand	10	76,414	39,296
Total current assets		<u>249,220</u>	<u>307,964</u>
Creditors: amounts falling due within one year	11	<u>(7,729,859)</u>	<u>(8,161,603)</u>
Net current liabilities		<u>(7,480,639)</u>	<u>(7,853,639)</u>
Total assets less current liabilities		<u>(256,063)</u>	<u>(327,568)</u>
Provisions for liabilities and charges	13	<u>(325,942)</u>	<u>(21,335)</u>
Net liabilities		<u>(582,005)</u>	<u>(348,903)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account		<u>(582,006)</u>	<u>(348,904)</u>
Total equity		<u>(582,005)</u>	<u>(348,903)</u>

The accompanying notes form part of these financial statements.

These financial statements on pages 12 to 30 were approved by the board of directors on 30 January 2024 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 2021	1	(249,049)	(249,048)
Total comprehensive expense for the year			
Loss for the financial year	-	(99,855)	(99,855)
Balance at 31 December 2021	1	(348,904)	(348,903)

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2022	1	(348,904)	(348,903)
Total comprehensive expense for the year			
Loss for the financial year	-	(233,102)	(233,102)
Balance at 31 December 2022	1	(582,006)	(582,005)

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 private company limited by shares, incorporated in England and Wales and domiciled in the UK. The registered office address is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

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

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements.

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; and
- The effects of new but not yet effective IFRSs.

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 policies 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 £7,480,639 as at 31 December 2022 (2021: £7,853,639 net current liability) and a loss for the year then ended of £233,102 (2021: £99,855 loss), the financial statements have been prepared on a going concern basis which the directors 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 2022, the directors are 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 directors have concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts and key uncertainties 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 directors believe 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. Termination of the arrangement is 12 months following approval by the Petroineos Supervisory Board. This requires the joint approval of both shareholders.

The Petroineos Group has faced challenges and uncertainties in the refining business, demand for fuel products and refining margins. However, at the signing date of these accounts, the UK and wider European economy has emerged from the COVID-19 pandemic and the associated risks have lessened significantly. Additional risk arising during the year from the Russian invasion of the Ukraine and subsequent economic sanctions has had a minimal effect on the Company's operations, save for inflationary pressure on its costs and inherently greater uncertainty in predicting future prices. 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.

Petroineos Trading Limited has indicated its commitment 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) Company Ltd has indicated its commitment 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 for a period of at least 12 months.

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 2022 amounted to £7.3 million, and providing additional financial support during the forecast period. Petroineos Refining Limited has indicated its commitment 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 directors acknowledge 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 2022. 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 Critical accounting judgements and key sources of estimation uncertainty

The company prepares its financial statements in accordance with FRS 101, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements, apart from those involving estimations, which are presented separately below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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

1 Accounting policies (continued)

1.13 Critical accounting judgements and key sources of estimation (continued)

Taxation

Management is required to estimate the tax payable in the jurisdiction in which the Company operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the Company. Management has performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

Details of amounts recognised with regard to taxation are disclosed in note 7 and note 13.

1.14 Adoption of new and revised standards

In the preparation of these financial statements, the following amendments to IFRS, which became effective during the period, have been applied with no material impact on the Company:

- Annual improvement to IFS standards 2018-2020 Cycle (Amendments to IFRS1 First-time Adoption of International Financial Reporting Standards, IFRS9 Financial Instruments and IAS 41 Agriculture);
- Amendments to IFRS3 – Reference to Conceptual Framework;
- Amendments to IFRS16 – Property, Plant and Equipment: Proceeds before intended use and
- Amendments to IAS 37 – Onerous Contract: Cost of Fulfilling a contract.

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 (2021: nil).

3 Operating profit

Included in profit are the following:

	2022	2021
	£	£
Depreciation of owned tangible fixed assets (note 8)	566,683	579,176
Net Exchange loss	3,402	21,749

Auditor's remuneration:

	2022	2021
	£	£
Audit of these financial statements	30,300	21,700
	<u>30,300</u>	<u>21,700</u>

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	
	2022	2021
Operations	7	9

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	366,031	329,717
Social security costs	33,134	31,107
Pension costs - defined contribution plan	21,920	21,555
	<u>421,085</u>	<u>382,379</u>

5 Directors' remuneration

No directors had benefits accruing under a defined benefit pension scheme (2021: none).

Two directors received fees and remuneration of £65,985 (2021: £65,962) in respect of qualifying services as a director of the Company during the financial year.

6 Interest payable and similar charges

	2022	2021
	£	£
Interest expense on financial liabilities measured at amortised cost	<u>278,307</u>	<u>211,807</u>
Total interest payable and similar charges	<u>278,307</u>	<u>211,807</u>

Interest payable and similar charges includes interest payable to group undertakings of £278,307 (2021: £211,807). Interest is calculated on one month SONIA, plus a credit spread plus 2.5%. The loan has no fixed term and is unsecured.

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

7 Tax on profit on ordinary on activities

Recognised in the profit and loss account

	2022	2021
	£	£
Current tax:		
Group relief receivable	(31,644)	(39,834)
Adjustments in respect of prior periods	(232,749)	53,240
Total current tax charge/(credit)	(264,393)	13,406

Deferred tax (see note 13)

Origination and reversal of temporary differences	(5,004)	13,851
Adjustment in respect of prior periods	310,965	(69,276)
Current year rate change	(1,354)	5,120
Total deferred tax (credit)/charge	304,607	(50,305)

Tax on loss	40,214	(36,899)
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Reconciliation of effective tax rate

	2022	2021
	£	£
Loss before taxation	(192,888)	(136,754)
Loss multiplied by the standard rate of tax in the UK of 19% (2021:19%)	(36,649)	(25,983)
Adjustments in respect of prior periods	78,217	(16,036)
Current year rate change for deferred tax	(1,354)	5,120
Total tax credit	40,214	(36,899)

The standard rate of corporation tax in the UK remained at 19% for the entire duration of the year ended 31 December 2022.

Finance Act 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax assets and deferred tax liabilities are recognised at either 19% or 25% depending upon whether they are expected to reverse before or after 1 April 2023 respectively.

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 2021	163,988	8,103,863	1,649,607	9,917,458
Additions	-	-	3,605	3,605
Transfers	-	1,545,276	(1,545,276)	-
Balance at 31 December 2021	163,988	9,649,139	107,936	9,921,063
Balance at 1 January 2022	163,988	9,649,139	107,936	9,921,063
Additions	-	-	795	795
Transfers	-	795	(795)	-
Balance at 31 December 2022	163,988	9,649,934	107,936	9,921,858
Accumulated depreciation and impairment				
Balance at 1 January 2021	-	(1,924,650)	-	(1,924,650)
Depreciation charge for the financial year	-	(579,176)	-	(579,176)
Balance at 31 December 2021	-	(2,503,826)	-	(2,503,826)
Balance at 1 January 2022	-	(2,503,826)	-	(2,503,826)
Depreciation charge for the financial year	-	(566,683)	-	(566,683)
Balance at 31 December 2022	-	(3,070,509)	-	(3,070,509)
Net book value				
At 31 December 2022	163,988	6,579,425	107,936	6,851,349
At 31 December 2021	163,988	7,145,313	107,936	7,417,237

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

9 Debtors

	2022	2021
	£	£
Amounts owed by related parties (note 15)	499,751	339,172
Amounts owed by group undertakings (note 15)	9,639	14,522
Prepayments and accrued income	36,643	23,808
	<u>546,033</u>	<u>377,502</u>
Due within one year	172,806	268,668
Due after more than one year	373,227	108,834

Amounts due after one year relates to a receivable balance of £373,227 (2021: £108,834) from PetroChina International (London) Company Limited for consortium tax relief.

10 Cash at bank and in hand

	2022	2021
	£	£
Cash at bank and in hand	<u>76,414</u>	<u>39,296</u>

11 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	72,741	49,929
Amounts owed to related parties (note 15)	163,572	150,052
Amounts owed to group undertakings (note 15)	7,290,080	7,826,959
Accruals and deferred income	158,579	74,037
Taxation and social security	44,887	60,626
	<u>7,729,859</u>	<u>8,161,603</u>

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.

	2022	2021
	£	£
Creditors falling due within one year		
Intercompany loan	<u>7,272,822</u>	<u>7,799,810</u>
	<u>7,272,822</u>	<u>7,799,810</u>

The creditor amount falling due within one year is with Petroineos Refining Limited who is the parent undertaking of this company.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2022 £	Carrying amount 2022 £	Face value 2021 £	Carrying amount 2021 £
		Sonia + Spread + 2.5%	Repayable on demand				
Intercompany loan	£			7,272,822	7,272,822	7,799,810	7,799,810
				<u>7,272,822</u>	<u>7,272,822</u>	<u>7,799,810</u>	<u>7,799,810</u>

For 2023, interest payable on the loan is calculated based on one month SONIA plus a credit spread plus 2.5%. Historically, a rate of one month LIBOR plus 2.5% has been applied.

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
	2022	2022	2022
	£	£	£
Tax losses	540,066	-	540,066
Accelerated capital allowances	-	(866,008)	(866,008)
	<u>540,066</u>	<u>(866,008)</u>	<u>(325,942)</u>

	Assets	Liabilities	Net
	2021	2021	2021
	£	£	£
Tax losses	809,604	-	809,604
Accelerated capital allowances	-	(830,939)	(830,939)
	<u>809,604</u>	<u>(830,939)</u>	<u>(21,335)</u>

The directors consider 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 2022	Recognised in income	31 December 2022
	£	£	£
Tax losses	809,604	(269,538)	540,066
Accelerated capital allowances	(830,939)	(35,069)	(866,008)
	<u>(21,335)</u>	<u>(304,607)</u>	<u>(325,942)</u>

Movement in deferred tax during the prior year

	1 January 2021	Recognised in income	31 December 2021
	£	£	£
Tax losses	506,029	303,575	809,604
Accelerated capital allowances	(577,669)	(253,270)	(830,939)
	<u>(71,640)</u>	<u>50,305</u>	<u>(21,335)</u>

14 Share Capital

	No. of shares	
	2022	2021
Ordinary shares of £1.00		1
Authorised, allotted, called up and fully paid	£	£
At 1 January	1	1
Issued during the year	-	-
At 31 December	<u>1</u>	<u>1</u>

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 wholly owned 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	
	2022	2021	2022	2021
	£	£	£	£
Petroineos Trading Limited Group	1,795,231	2,020,138	-	-
Ineos Group Holdings S.A. Group	-	-	62,164	70,199
	<u>1,795,231</u>	<u>2,020,138</u>	<u>62,164</u>	<u>70,199</u>

	Receivables outstanding		Creditors outstanding	
	2022	2021	2022	2021
	£	£	£	£
Petroineos Trading Limited Group	499,751	339,172	163,572	150,052
Petroineos Manufacturing Scotland Limited	9,369	14,522	-	27,149
Petroineos Refining Limited	-	-	7,290,080	7,799,810
	<u>509,120</u>	<u>353,694</u>	<u>7,453,652</u>	<u>7,977,011</u>

Sales to related parties represent the tolling fees charged to Petroineos Trading Limited Group. Expenses incurred from Ineos Group Holdings S.A. group are in relation to support costs for site infrastructure and provision of site security.

Receivables and creditors outstanding relate to tolling fee transactions with Petroineos Trading Limited Group.

Receivables outstanding from Petroineos Manufacturing Scotland Limited are for recharged costs not repaid at the balance sheet date. Creditors outstanding with Petroineos Refining Limited relate to the intercompany loan (note 12).

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

16 Controlling parties

Petroineos Refining Limited is the immediate controlling party and parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The ultimate parent undertakings of the company are PetroChina International (London) Company Limited (49.9% shareholding) and Ineos Investments (Jersey) Limited (50.1% shareholding).

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

17 Events after the balance sheet date

During November 2023, the directors announced their strategic direction to cease refining operations at the Grangemouth site and concentrate on terminal activities. There is no fixed timeline on when this will happen.

Separately, other than Ukraine crisis and inflationary pressure as described in the going concern section, there were no significant post balance sheet events to disclose. Other events after the end of the reporting period have been evaluated up to the date the financial statements were approved and authorised for issue by the Board of Directors and there were no material events requiring adjustment or disclosure in these financial statements.