



Spring Petroleum Company Limited
REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2019



Company 04342974

Company information

DIRECTORS	W Bannister T Biggart J Clarke S Lane
COMPANY SECRETARY	Pinsent Masons Secretarial Limited
COMPANY NUMBER	04342974
REGISTERED OFFICE	Gladstone Place 36 – 38 Upper Marlborough Road St Albans Hertfordshire United Kingdom AL1 3UU

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Strategic Report

The Directors present their Strategic Report for Spring Petroleum Company Limited, together with the Company financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company for the majority of the year was that of a property holding company.

Business review

The Company was acquired by CD&R Firefly Bidco Limited as part of a wider acquisition of the MRH Group by the Motor Fuel Group (**MFG**) in June 2018. Upon that transaction substantially all of the trade of the Company was transferred to Motor Fuel Limited, the principal MFG operating company.

Strategy

The Company's principal purpose is as a property holding company owning service stations and convenience stores and food to go outlets located on those forecourts.

MFG's strategic goal continues to be to develop the business into the most dynamic and profitable independent forecourt operator in the UK.

MFG continues to look for growth, both through opportunities for development and improvement within the existing site network and, through acquisition of the right sites that are complementary additions.

Allied to this development of the network is to continue to make efficiencies in delivery of traditional road fuels, optimise the working capital involved and strive to improve the profit margin from this income stream.

MFG is also very much alive to the growing environmental challenge and the consequential national move towards an electric motor fleet. MFG have provided Electric Vehicle (EV) charging points since 2017, expanding the offering to further sites through 2019. It is recognised that, whilst, the impact of electrification is still in the early stages to encompass the whole nation, it will be significantly quicker in the major urban centres. Due to the size and geographic focus of its network MFG is in a good position to be at the forefront of the EV market as it evolves. MFG will continue to invest significantly in its network to ensure that our sites remain industry-leading fuel and retail destinations whatever the energy source used by the vehicle.

Strategic Report *(continued)*

Strategy *(continued)*

Underpinning and in support of this strategy MFG is continuing to drive our growing non-fuel revenue streams. A development programme constantly improving and upgrading the in-site facilities will add more FTG outlets, an enhanced shopping experience and additional scope for offering other non-fuel services. This approach is consistent with the EV investment, as the duration of an EV charge is typically longer than for a traditional fuel refill. By providing a centre for the consumers to avail themselves of a range of services whilst re-charging their batteries, the overall experience will benefit consumers who will need to adapt their busy lifestyles to the new driving reality.

Results and performance

During the year the Company reported turnover of £1.7m (9 months ended 31 December 2018: £13.8m) and operating profit of £763,000 (9 months ended 31 December 2018: £643,000). The Company made a profit for the year after taxation of £175,000 (9 months ended 31 December 2018: £227,000). The Directors have not recommended a dividend (Year ended 1 April 2018: £nil) leaving the retained profit to be transferred to reserves.

At 31 December 2019 the Company had net assets of £30.6m (2018: £30.4m restated) and net current liabilities of £5,548,000 (2018: net current liabilities of £406,000).

Key performance indicators

MFG uses a number of key performance indicators to manage the business. Fuel trading is evaluated on a site by site basis by reference to volumes, gross profit and inventory days, as well as by the number of operational sites. Performance is also measured by brand and by original investment. Retail sales are monitored by product type across the different branded sites, whilst product availability and delivery metrics are also measured. The 'Food to Go' business is also measured by both average and total sales by brand and by site.

Additionally the number of sites redeveloped and extended, along with the new 'Food to Go' outlet roll out, are also key non financial performance indicators.

MFG is also focussed on all aspects of HSE and various metrics are used to measure performance and to identify any issues.

During the year the Company reported turnover of £1.7m (9 months ended 31 December 2018: £13.8m) and operating profit of £763,000 (9 months ended 31 December 2018: 643,000).

Strategic Report *(continued)*

Principal risks and uncertainties

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

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

Impact of Covid 19

During the first quarter of 2020 the UK Government, in line with many other national Governments, instigated a lockdown of most non-essential activities as part of its efforts to slow the spread of the Covid 19 virus. The Board and management had been monitoring the status of the pandemic ahead of the lockdown and had instigated various measures to protect both employees and customers.

MFG has been recognised as providing an essential service and the network continued to operate its fuels and convenience store offerings, though its Food-to-Go outlets were obliged to close. Social distancing measures have been put in place at the sites and the cashiers have been provided with sneeze guards along with all necessary support from MFG to protect all who use the site. Head office based employees were largely working from home.

There has been a significant financial impact of the lockdown as retail fuel sales have reduced in the period. Commercial fuel sales have also reduced but by less than the retail segment as the haulage industry continues largely as before the lockdown.

Many sites have maintained or increased the footfall through the convenience stores as customers have tended to move away from visiting the large and busy supermarkets, choosing to visit the local convenience store instead. There has also been additional demand for home delivery and MFG have expanded the delivery service from the convenience stores through this period. It is the view of the directors that the sites are an essential part of the fabric of the local community and those communities will be supported by the provision of safe and well stocked convenience stores.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Impact of Covid 19 *(continued)*

The uncertainty around the length and severity of the lockdown have led the directors to consider the liquidity of the business and this is reviewed on a daily basis. A number of plausible but severe downside scenarios have been modelled that have specific regard to the reduction in volumes of traffic and impact on fuel sales that has been experienced through the lockdown period to date. The Group's forward looking scenarios do not rely on significant uplifts in fuel sales volumes looking forward from that currently experienced in order to ensure liquidity remains at a suitably comfortable and sufficient level for the next twelve months. Government initiatives in response to the economic fallout from the lockdown have been accepted and all discretionary spend has been reviewed and deferred where appropriate. All key suppliers were contacted to understand their response and ability to continue trading through the period and support, both financial and practical, has been provided to the Contract Managers at the sites.

The impact of reduced fuel sales volumes and lower fuel prices on the Group's working capital has been managed through maximising drawdown on the RCF and securing additional credit facilities, so as to maintain a satisfactory cash and liquidity position.

All of these measures give the directors comfort that the Group is sufficiently robust to trade through the lockdown period, meeting all financial covenants, and that the business will be well placed to rebound once the restrictions are loosened and trade returns to normal levels.

Future developments

The Company's principal purpose is as a property holding company supporting the trading operations of Motor Fuel Limited.

Environmental impact

MFG is committed to ensuring that the environmental consequences of its operations are minimised. The Company, as far as practical, pursues the following objectives:

- Reduction in consumption of raw materials and energy
- Reduction in emission of harmful products to the atmosphere
- Recycling of waste where possible.

Strategic Report *(continued)*

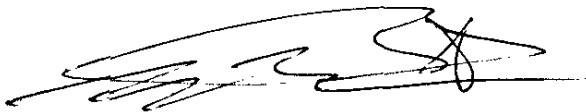
Community

MFG conducts its business in an ethically aware manner so as not to detrimentally affect the quality of life enjoyed by the communities in which it operates.

MFG strives to:

- Respond quickly to issues or concerns raised by neighbours pertaining to the business.
- Engage with communities and support relevant and appropriate activities both at local and national level.
- Abide by local planning and other by-laws prevalent where the sites are based.
- Support community activity through actions and sponsorship as and where appropriate.
- Maintain properties, land and boundaries in such a condition so as not to degrade the visual amenities of the neighbours or affect or endanger the surrounding communities.

Approved by the Board and signed on its behalf by:



William Bannister

Chief Executive Officer and Director

Date: 1 December 2020

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2019.

Results for the period, dividends paid, financial risk management and future developments of the Company can be found in the Strategic Report on pages 3 to 7.

Directors

The directors of the Company who were in office during the financial period and up to the date of signing the financial statements were:

- W Bannister
- J Clarke
- S Lane
- T Biggart (appointed 11 March 2019)
- G Timbers (resigned 12 February 2019)

Key Management Personnel

The following individuals were the key management personnel of the Company and MFG during the year:

- | | |
|---------------------|--------------------------|
| • William Bannister | Chief Executive Officer |
| • Thomas Biggart | Chief Investment Officer |
| • Jeremy Clarke | Chief Operating Officer |
| • Simon Lane | Chief Financial Officer |

Directors' Report *(continued)*

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- c) make judgements and accounting estimates that are reasonable and prudent; and
- d) 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Approved by the Board and signed on its behalf by:



William Bannister

Director and Chief Executive Officer

Date: | December 2020

Profit and loss account
for the year ended 31 December 2019

	Note	Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000
Turnover	5	1,653	13,768
Cost of sales		-	(12,868)
Gross profit		1,653	900
Administrative expenses		(890)	(1,684)
Exceptional operating expenses		-	(136)
Other operating income		-	1,563
Operating profit	6	763	643
Interest payable and similar expenses	8	(491)	(196)
Profit before taxation		272	447
Tax on profit	9	(97)	(220)
Profit for the financial year / period		175	227

Statement of comprehensive income
 For the period ended 31 December 2018

		Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000 restated
	Note		
Profit for the financial year / period		175	227
Other comprehensive expense:			
Deferred tax on revaluations	9	(44)	(611)
Total other comprehensive expense			
Total comprehensive income / (expense) for the year / period		131	(384)

Balance sheet

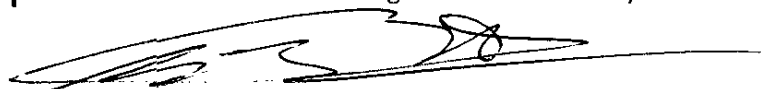
As at 31 December 2019

	Note	2019 £000	2018 £000 restated
Fixed assets			
Tangible assets	10	<u>42,546</u>	43,638
		<u>42,546</u>	43,638
Current assets			
Debtors	11	10,333	141
Cash at bank and in hand		<u>21</u>	149
		<u>10,354</u>	290
Creditors: amounts falling due within one year	12	<u>(15,902)</u>	(696)
Net current liabilities		<u>(5,548)</u>	(406)
Total assets less current liabilities		<u>36,998</u>	43,232
Creditors: amounts falling after more than one year	13	-	(6,675)
Provision for other liabilities	14	<u>(6,432)</u>	(6,122)
Net assets		<u>30,566</u>	30,435
Capital and reserves			
Called up share capital	15	-	-
Share premium account		2,225	2,225
Revaluation reserve		14,789	14,833
Retained earnings		<u>13,552</u>	13,377
Total equity		<u>30,566</u>	30,435

For the year ending 31 December 2019, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 10 to 29 were authorised for issue by the board of directors on 1 December 2020 and were signed on its behalf by



William Bannister (Chief Executive Officer and Director)

Statement of changes in equity
as at 31 December 2019

	Called-up share capital £000	Share premium account £000	Revaluation reserve £000 restated	Retained earnings £000 restated	Total equity £000 restated
Balance as at 1 April 2018	-	2,225	15,444	13,150	30,819
Profit for the period	-	-	-	227	227
Other comprehensive expense for the period	-	-	(611)	-	(611)
Total comprehensive expense for the period	-	-	(611)	227	(384)
Balance as at 31 December 2018	-	2,225	14,833	13,377	30,435
Profit for the year	-	-	-	175	175
Other comprehensive expense for the year	-	-	(44)	-	(44)
Total comprehensive income for the year	-	-	(44)	175	131
Balance as at 31 December 2019	-	2,225	14,789	13,552	30,566

Notes to the financial statements

1 General information

Spring Petroleum Company Limited (the “Company”) is a private company limited by shares and is incorporated in the United Kingdom and registered in England.

The address of its registered office is Gladstone Place, 36-38 Upper Marlborough Road, St Albans, Hertfordshire, United Kingdom, AL1 3UU.

Prior to the acquisition by MFG, the principal activity of the Company was that of retail sale of automotive fuel in specialised stores and service stations. Subsequent to the transfer of its trade to a fellow subsidiary the Company’s principal activity is the ownership of service stations.

2 Statement of compliance

The financial statements of Spring Petroleum Company Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS102’) and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, unless otherwise stated in the accounting policies.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Notes to the financial statements (*continued*)

3 Summary of significant accounting policies (*continued*),

3.2 Disclosure exemptions

The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity and is included in the consolidated accounts of CD&R Firefly Holdco Limited:

- The requirement to prepare a statement of cash flows
- Financial instrument disclosures
- Key management personnel compensation

3.3 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled *Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009*.

At the reporting date, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

3.4 Currencies

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (**the functional currency**) which is UK sterling (£). Amounts are generally expressed in thousands (£'000) and rounded accordingly.

3.5 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged to write off the costs of assets over their estimated useful lives, starting from the month they are first used, as follows:

- Freehold land: not depreciated
- Freehold buildings: straight line over 50 years
- Leasehold buildings: straight line over the term of the lease
- Plant and machinery: straight line over 3 to 10 years

Notes to the financial statements (*continued*)

3 Summary of significant accounting policies (*continued*)

3.5 *Tangible assets (continued)*

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

3.6 *Revaluation of land and buildings*

The Company's policy is not to revalue land and buildings. The Company has used the exemption in FRS 102 35.10 (d) which allowed the revalued properties to be brought in at deemed cost.

3.7 *Impairment of non-current assets*

At each reporting date, the Directors review the carrying amounts of all non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the profit and loss account.

3.8 *Revenue and income recognition*

The Company's principal activity is the ownership of service stations.

Revenue is measured at the fair value of the consideration received or receivable and, prior to the transfer of trade, primarily represented amounts receivable for fuel supplied, stated net of discounts and value added tax; subsequent to that transfer revenue represents rental income. The Company recognises revenue when (a) it can be reliably measured, (b) it is probable that future economic benefits will flow to the Company and (c) when specific criteria have been met for each of the Company's activities. Any amounts not invoiced at the year-end are accrued in line with accounting policies.

Notes to the financial statements (*continued*)

3 Summary of significant accounting policies (*continued*)

3.8 Revenue and income recognition (*continued*)

Interest income represents interest receivable on cash balances and on loans to related parties and is recognised as it is earned.

3.9 Cost of sales

Cost of sales consists of the purchase cost of fuel sold and other expenses that are directly related to sales. It is stated net of VAT, discounts and expected rebates relating to those purchases.

3.10 Current and deferred tax

The income tax charge or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities for the period.

a) Current tax

Current tax is based on taxable income for the period and any adjustment to tax from previous years. Taxable income differs from net income in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted by the reporting date.

b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the profit and loss account, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Notes to the financial statements (*continued*)

3 Summary of significant accounting policies (*continued*)

3.10 Current and deferred tax (*continued*)

b) Deferred tax (*continued*)

Deferred tax assets and liabilities are offset when there is an enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to the same taxation authority on either the same taxable entity or different taxable entities settling on a net basis.

3.11 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

3.12 Dividends payable

Any dividends are recognised as a liability at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

3.13 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

Basic financial assets, including trade and other receivables, loans to fellow group companies, cash and bank balances are recognised initially at transaction price. Appropriate provisions for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the assets are impaired. Such assets are subsequently carried at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the financial statements (*continued*)

3 Summary of significant accounting policies (*continued*)

3.13 Financial instruments (*continued*)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction. They are subsequently measured at amortised cost using the effective interest method.

3.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, as a deduction from the proceeds.

3.15 Fair value estimation - receivables and payables

The carrying values of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

3.16 Inventories

Inventories are measured at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Net realisable value is based on estimated selling price less further costs to completion and disposal.

3.17 Exceptional items

The Company classifies certain one-off charges or credits that have a material or significant impact on the Company's financial results as "exceptional items". These are disclosed separately to provide further understanding of the financial performance of the Company.

Notes to the financial statements (*continued*)

4 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that 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:

4.1 Environmental provision

Provision is made for environmental costs in respect of estimated investigation and remediation costs of freehold properties. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

4.2 Depreciation

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated useful lives requires the exercise of management judgement. Useful lives are regularly reviewed, and should management's assessment of useful lives shorten, the depreciation charge in the financial statements would increase and carrying amounts of tangible assets would reduce accordingly.

5 Turnover

All turnover arose within the United Kingdom and is derived solely from the Company's principal activities.

Notes to the financial statements (*continued*)

6 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000
Operating lease costs:		
- Land and buildings	57	10
- Plant and machinery	-	46
Depreciation of owned property, plant and equipment - Note 10	826	743
Cost of stocks recognised as an expense	-	12,868
Exceptional costs – site closure and clean-up costs	-	136

7 Employees and directors

Staff costs, were as follows:

	Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000
Wages and salaries	-	468
Social security costs	-	29
Other pension costs	-	2
	-	499

Notes to the financial statements (*continued*)

7 Employees and directors (*continued*)

The average monthly number of employees during the period was as follows:

	Year ended 31 December 2019 No.	9 months ended 31 December 2018 No.
Administration	-	1
Sales	-	22
	-	23

The Company ceased to have employees from June 2018, when all staff contracts were transferred to contract operators. All key management personnel and Directors are remunerated within a fellow group company, with no recharge made to the Company.

8 Finance costs

	Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000
<i>Interest payable and similar expenses</i>		
Interest payable on loans from related parties	(491)	(196)
Total interest payable and similar expenses	(491)	(196)

Subsequent to the acquisition by MFG, external interest costs have been recharged across the group in proportion to the reliance in each entity on group debt, as reflected in year end intercompany loan balances.

Notes to the financial statements (*continued*)

9 Tax on profit

	Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000
9.1 Income tax expense		
<i>Current tax</i>		
- UK Corporation tax on profits for the period	-	168
- Adjustment in respect of prior periods	(168)	4
Total current tax	(168)	172
<i>Deferred tax</i>		
- Origination and reversal of timing differences	267	46
- Adjustment in respect of prior periods	(2)	2
Total deferred tax	265	48
Tax on profit	97	220
Equity items		
Deferred tax	44	611

9.2 Reconciliation of tax charge

Tax assessed for the year is higher (9 months ended 31 December 2018: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.0% (9 months ended 31 December 2018: 19.0%). The difference is explained below:

	Year ended 31 December 2019 £000	9 months ended 31 December 2018 £000
Profit before tax	272	447
Tax charge at the UK corporate tax rate of 19.0% (9 months ended 31 December 2018: 19.0%)	52	85
Effects of:		
- Adjustments in respect of previous periods – corporation tax	(168)	4
- Adjustments in respect of previous periods – deferred tax	(2)	2
- Fixed asset timing differences	102	134
- Remeasurement of deferred tax – change in UK tax rate	6	(5)
- Group relief for nil consideration	(202)	-
- Deferred tax not recognised	309	-
Total tax charge for the year / period	97	220

Notes to the financial statements (*continued*)

9 Tax on profit (*continued*)

A change in the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19% rather than the previously enacted reduction to 17%. The impact of this change would be to increase the deferred tax liability by £498,000 to £4,729,000.

10 Tangible assets

	Freehold property £000 restated	Plant and machinery £000	Total £000 restated
Cost			
As at 1 January 2019	43,578	4,881	48,459
Disposals in the year	(297)	-	(297)
As at 31 December 2019	43,281	4,881	48,162
Accumulated depreciation			
As at 1 January 2019	2,149	2,672	4,821
Charge for the year	544	282	826
Disposals	(31)	-	(31)
As at 31 December 2019	2,662	2,954	5,616
Carrying amount			
As at 1 January 2019	41,429	2,209	43,638
As at 31 December 2019	40,619	1,927	42,546

Fixed assets have been restated in the year. See note 18 for an explanation of the restatement.

Notes to the financial statements (*continued*)

11 Debtors

	2019 £000	2018 £000
Trade debtors	29	52
Amounts due from group undertakings	10,235	-
Corporation tax receivable	69	-
Other taxation and social security	-	40
Prepayments and accrued income	-	49
	10,333	141

Amounts owed by group undertakings are interest free, repayable on demand with no fixed repayment date and unsecured.

12 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	9	293
Amounts owed to group undertakings	15,871	196
Corporation tax payable	-	112
Other taxation and social security	22	-
Accruals and deferred income	-	95
	15,902	696

Amounts due to group undertakings are repayable on demand with no fixed repayment date and unsecured. Interest is allocated across the group in proportion to the reliance on group debt in each entity.

13 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Amounts owed to group undertakings	-	6,675

Notes to the financial statements (*continued*)

14 Provision for other liabilities

	Environmental provision £000	Deferred tax liability £000 restated	2019 £000 restated
As at 1 January 2019	2,200	3,922	6,122
Debited to profit and loss account in the year (note 10)	-	265	265
Charged to equity		44	44
As at 31 December 2019	2,200	4,231	6,431

The provision for environmental costs is in respect of estimated investigation and remediation costs of freehold and leasehold property.

The deferred taxation is made up as follows:

	2019 £000	2018 £000 restated
Revaluations	3,834	3,790
Accelerated capital allowances	397	130
Other timing differences	-	2
	4,231	3,922

15 Called up Share Capital

Ordinary shares of £1.00 each		
Allotted and fully paid	No.	£000
At 1 January and 31 December 2019	368	-

Notes to the financial statements (*continued*)

16 Capital and other commitments

As at 31 December, the Company had commitments under non-cancellable operating leases. The total future value of minimum lease payments is due as follows:

	2019	2018
	£000	£000
Operating leases which expire:		
Within one year	57	36
In one to five years	228	38
Later than five years	2,660	880
	2,945	954

17 Ultimate controlling party

The immediate parent undertaking is Zain Investments Limited, registered in Jersey.

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

The smallest and largest groups to consolidate these financial statements are CD&R Firefly 4 Limited and CD&R Firefly Holdco Limited respectively. Both of these companies' consolidated financial statements are available from Companies House. Directors' interests in MFG are disclosed therein.

Notes to the financial statements (*continued*)

18 Change in accounting policy

In the prior year, an accounting error was made in the production of the Statutory accounts. The exemption in FRS 102 35.10 (d) which would have allowed the revalued properties to be brought in at deemed cost was inadvertently not taken. Instead, due to an error, the revaluations were removed. We have corrected for this error in the 2019 accounts and restated the comparatives.

The impact of this is shown below:

Reconciliation of total shareholders' funds at 1 April 2018	£000
Total shareholders' funds at 1 April 2018	13,327
Adjustment	17,492
Restated shareholders' funds at 1 April 2018	30,819

Reconciliation of total shareholders' funds at 31 December 2018	£000
Total shareholders' funds at 1 April 2018 as previously reported	13,554
Adjustment	16,881
Restated shareholders' funds at 31 December 2018	30,435

Reconciliation of total comprehensive income for the period ended 31 December 2018	£000
Total comprehensive income for the period as previously reported	227
Adjustment	(611)
Restated total comprehensive expense for the period ended 31 December 2018	(384)

Notes to the financial statements (*continued*)

19 Post balance sheet events

In March 2020 the UK Government declared a formal lockdown in response to the global Covid 19 pandemic. The petrol filling stations were deemed to be an essential service and remained open. Retail fuel sales were reduced as a consequence of the lockdown and the food to go outlets were required to close, however the convenience store side of the business traded strongly as the general public moved away from visiting the big supermarkets and shopped in the smaller, more local convenience stores.

MFG put in place a number of measures to manage liquidity and cash flow during this period as detailed in the strategic report. In addition to those measures MFG announced in April 2020 that it had secured additional liquidity through a one year increment to the existing RCF facility of £80m. This incremental facility provides additional financial support and should only be required in the event there is a further material change to trading patterns.

The Directors have considered the impact of Covid 19 and the lockdown on the accounts and have taken the view that it is a non adjusting event for the 2019 accounts on the basis that the sites remain open, continue to trade and there are no accounting adjustments required to the balance sheet.