Philmar (Holdings) Limited

Annual report and consolidated financial statements

Registered number: 07074888

Year Ended 31 December 2020

Contents

Strategic report

The directors present their strategic report for the company and the group for the year ended 31 December 2020.

Principal activities

The principal activity of the group is the manufacture and distribution of lubricants operating from three strategic sites in the UK. There are bulk storage tanks based in Hull which are connected by canal to the wharfage and bulk blending facility in Rotherham, South Yorkshire and a packaging and distribution centre in the West Midlands. These sites allow the group to exploit economies of scale by sourcing raw materials across the globe utilising a dedicated supplier network of market leaders which is continually monitored. Finished products are blended to the latest specifications and are tested throughout the cycle using the latest equipment in the laboratory at Rotherham.

The group comprises three trading entities and two holding companies. Products are manufactured at our bulk blending facility in Rotherham and then transferred to Wednesbury where they are packaged and distributed to our customer base.

These products are then transported to the head office which is based in Wednesbury in the West Midlands at the heart of the central motorway network. Further value is added through providing packaging solutions tailored to the customer's needs. The company maintains a fleet of vehicles developed to meet the latest specifications and allow the business to meet and exceed industry wide standards on lead times.

Review of the business

The result for the year is shown on page 11. The directors are extremely pleased with the operating performance but anticipate more challenging market conditions in the forthcoming year. As was the case within the wider economy, the business was rocked in late March 2020 with the sudden lockdown of the UK following the outbreak and subsequent spread of Covid 19. Volumes fell to unprecedented levels almost immediately but had almost recovered by the end of June. The reduction in global demand generated a sudden reduction in raw material costs in Q2 which then slowly unwound as the year progressed. As a result, operating profit increased to £9,326,135 from £4,918,415 in 2019. The net asset position at the end of the year was £24,389,492 (2019 - £23,186,165)

Financial key performance indicators (KPI's)

The following KPI's are part of the tools used by management to monitor the business performance of the group.

	2020	2019	Measure
Return on capital employed	**37.0%**	19.8%	Profit before tax/net assets
Current ratio	**1.40**	1.35	Current assets : current liabilities
Stock turnover	**5.32**	6.24	Cost of sales/stock
Debtors days	**77 days**	65 days	Average debtors/turnover
Creditors days	**46 days**	43 days	Average creditors/cost of sales
Sales per employee (£'000)	**578**	582	Turnover/avg no of employees
Operating profit per employee (£'000)	**71**	39	Operating profit/avg no of employees

Section 172 (1) Statement

In accordance with Section 172(1) of the Companies Act 2006, the Directors set out below the actions they have taken to comply with their Section 172 duties. This requires that board members acknowledge they must act in a manner which is most likely to promote the success of the company for the benefit of its members as a whole. They must do so with regard to the following matters:

Strategic report *(continued)*

The likely consequences of any decision in the long term: All decisions taken by the board are done so with the long-term interests of the group at its very core. Issues and opportunities are discussed at quarterly board meetings and these are considered by the Directors often with key input from relevant senior managers. The strategic aim of the group has always been to develop a comprehensive range of products which has evolved through anticipating and exceeding the needs of the lubricant sector and decisions made within the organisation are reviewed to ensure they are consistent with this philosophy. In 2021 significant investment will take place in Rotherham with the £1.5m expansion of the Northfield Road warehouse incorporating installation of additional blending tanks and new filling lines ensuring capacity is available to meet the business demands both now and in the future. The decision to

implement a pigging line at Rotherham in 2021 was important not just in increasing the efficiency of the plant and its processes but also in eliminating an unnecessary source of waste and maintaining the business green credentials. Investment in our state-of-the-art laboratories will ensure that we are able to evolve within our environment and there will be further additions to the fleet at both sites enabling the business to continue to meet and exceed the changing needs of our markets.

The interests of the company's employees: The Group continually engages with its employees and ensures that board members and senior managers are noticeably visible at both sites. We believe that the open dialogue encouraged through this approach is responsible for the very low levels of staff turnover and understand that the continued success of the group owes everything to its employees. In addition to quarterly board meetings a regular management meeting takes place with Directors and senior managers which then dovetails into monthly employee briefings which take place at both sites. A newsletter is produced periodically which keeps all stakeholders informed about the latest developments at both sites. Accident and absenteeism rates remained extremely low in 2020 despite the difficult environment all businesses operated in. It was necessary to review all working procedures and make investments where required to ensure the business was Covid Secure in line with government guidelines. The directors will continue to take all necessary actions to ensure that a safe and healthy working environment is maintained for its employees and indeed all our stakeholders

The need to foster the company's business relationships with suppliers, customers, and others: The group maintains strong and healthy relationships with all stakeholders and most of these have been established over many years. Our supply chain performed incredibly during 2020 in helping to ensure our customers' needs were catered for in these most adverse of circumstances and our market, compared to others less fortunate was relatively intact. All group companies monitor raw material and finished goods sources on a global basis and negotiate with a dedicated strategic supply base to ensure the most competitively priced products are provided for our customers.

The impact of the company's operations on the community and the environment: Both group companies work closely with their communities and are actively involved with local charities as well as being engaged with sporting sponsorship from grass routes through to professional level. The group places considerable emphasis upon environmental compliance and in this respect is fully compliant with all aspects of ISO9001 & 14001.

The desirability of the company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company: The group insists that all representatives of the company conduct their business in an ethical and transparent way. We believe this is key to ensuring we maintain our position as the largest independent supplier of lubricants in the UK.

The principal risks and uncertainties affecting the business include the following:

Covid 19: The outbreak of Covid 19 continues to create uncertainty both in our industry and in the wider economy. At this stage we face product shortages and price escalation caused by the pandemic, due to the reduction in demand for jet fuel and these conditions look likely to challenge us throughout 2021. However, we have assumed that any future restrictions look no worse than those imposed in early 2021 when an extraordinary effort from our employees and our supply chain meant we continued to serve our customers despite the circumstances we operated within.

Brexit: On January 31st, 2020 the UK left the EU and entered into a transitional period which expired at the end of 2020. Although we experienced several teething problems with exports to the EU initially and have experienced changes in tax structures in some overseas markets, constant dialogue with our customers and suppliers has mitigated these risks where possible. We have adjusted business processes where necessary and have used the expertise of our freight agents to aid this and ensure a smooth transition.

Strategic report *(continued)*

Product availability and pricing: The group companies' source raw material and finished goods on a global basis and negotiate with a dedicated strategic supply base established over many years. This has enabled us to ensure continuity of supply over the last year despite the challenges with raw material shortages whilst still sourcing the most competitively priced products.

Environmental risks: the group places considerable emphasis upon environmental compliance and in this respect is fully compliant with all aspects of ISO9001 & 14001. We also utilise the expertise of industry partners for specialist areas such as packaging waste.

Credit risk: The group maintains strong relationships with all customers and adheres to established credit control parameters. Appropriate credit terms and limits are agreed with all customers and the group operates with credit insurance for an element of the customer base which has helped us in dealing with elevated risks during the pandemic.

The effect of legislation or other regulatory activities: The group continually monitors relevant regulation and legislation often with the help of trade bodies such as the UK Lubricants Association.

New product, project, and technology risk: a comprehensive range of products has evolved through anticipating and exceeding the needs of the lubricant sector. All new technologies and products involve business risk but close relationships with our customers and suppliers will always be key to mitigating against this.

All appropriate measures are taken to protect the group's intellectual property rights and minimise infringement.

Litigation: the group is subject to litigation from time to time. The outcome of legal action is always uncertain and may prove more costly and time consuming than anticipated. The Philmar group of companies always perform activities in such a way as to minimise this risk and under certain circumstances legal expenses are covered by insurance.

Competitive risk: all companies operate in highly competitive markets. Product and business innovations or technical advances by competitors could adversely affect the group. The diversity of operations and flexibility in the business model reduces the possible impact of action by any single competitor.

Financial Risk Management

Cash Flow and Liquidity Risk: The Groups cash flow profile generally sees sales being paid for on either 30- or 60-day terms with the aforementioned range of parameters in place to manage this risk. Purchases from our range of suppliers are generally smooth throughout the month but base oil shipments tend to provide for 6 to 8 weeks of stock and therefore can generate more volatility in cash flows which are often managed using a trade facility provided by the bank in the short term. There are no medium to long term cash flow issues as per the comments within the Going Concern section of the report and the directors are comfortable with the very low levels of liquidity risk within the business.

Currency Risk: The group closely monitors fluctuations in exchange rates and has a policy of purchasing against known liabilities using specialist partners to gain competitive rates.

Interest Rate Risk: The groups principal exposure regards the use of commercial finance and a trade facility provided by the bank. Our view is that interest rates are likely to remain at the current levels and that the relatively low level of interest payments present very little risk.

Price Risk: The group is exposed to commodity risk in the form of base oil pricing. However, the market has the ability to move prices on a four-to-six-week basis and therefore bears no significant long-term risk.

Future developments

The directors will target continued growth in 2021. Significant investment will take place at the Rotherham site and we will look to take advantage of the opportunities presented through increased capacity and reduced waste throughout the production process. Further capacity will be created at Wednesbury with the installation of another small pack production line in mid-2021 and this will be complemented with continued investment in our fleet of vehicles to ensure compliance with constantly evolving emissions requirements.

Strategic report *(continued)*

Sales and marketing: In 2020 we launched the new range of Exol branded products with investment in the latest packaging solutions and a new mobile friendly website. We will look to capitalise on this in 2021 and will continue to pursue the latest approvals which will support the development of new markets at home and overseas in line with the group's strategy.

Environment: New methods of achieving greater environmental effectiveness are continually being examined and we aim to continue to meet and exceed the standards set out in ISO9001 & 14001. We will embark on the process of gaining accreditation for ISO45001 towards the end of 2021.

IT: The group prioritised investment in conferencing facilities during 2020 incorporating the use of Microsoft Teams. This was essential in our drive to reduce unnecessary travel and was vital in retaining contact with all stakeholders during the pandemic. We will continue to leverage these facilities in 2021 and are also looking to upgrade to the latest version of Microsoft GP having seen the benefits of the e-commerce solution which our customers continue to enjoy.

This report was approved and signed by the board on 28th September 2021 and signed on its behalf.

S D Everitt
Director

All Saints Road
Wednesbury
West Midlands
WS10 9LL

Directors' report

The directors present their report together with the audited financial statements of the company and the group for the year ended 31 December 2020.

Dividends

Total dividends of £1,048,910 were paid during the year (2019: £2,640,003). The directors recommend a final total dividend for 2020 of £6,000,000 which will be paid during the course of 2021. These financial statements reflect this dividend payable as the amount was determined, approved and announced pre-yearend.

Directors

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

D B Frogson
S D Everitt

The directors of the company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision is in force for the directors serving during the financial year and as at the date of approving the Directors' report and the Strategic Report.

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 group and the company 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, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' report (continued)

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1. In addition, the financial statements include the principal risks and uncertainties facing the business, details of its financial instruments and the Group's exposures to credit risk and liquidity risk, where applicable.

The Group showed a profit before tax of £9,213,202 (2019: £4,596,592) and generated positive cash flows from operating activities. At the balance sheet date there were net current assets of £8,111,840 (2019: £6,225,418).

The Group has rolling banking facilities in place comprising a commercial finance agreement (17% utilised at the balance sheet date) and a revolving credit facility (undrawn as at the balance sheet date). These facilities are considered by the Board to be sufficient to support the on-going needs of the business.

The directors have prepared forecasts that extend to at least 12 months from the approval date of these financial statements. These forecasts comprise projected profit and cash flow information with appropriate sensitivities around operational performance and banking facilities. Based on these forecasts, the directors have a full expectation that the Group and the company have adequate resources to continue as a going concern. These forecasts incorporate the expected impact of another national lockdown and have assumed this could look similar to that experienced in early 2021.

After considering these scenarios, the directors have determined that the Group and the company have adequate cash resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Disabled employees

Applicants for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the companies that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Stakeholder Engagement

Employee Engagement: The groups employees are regarded as our most highly valued asset and it is imperative that they are involved in matters affecting them and informed about the various factors affecting performance of the companies. This is achieved through a series of formal and informal meetings and directors and senior management are visible and accessible at both sites. Further information is provided within the Section 172 statement in the Strategic Report.

Other Stakeholder Engagement: Information regarding the groups engagement with other stakeholders is contained within the Section 172 statement in the Strategic Report.

Directors' report (continued)

Streamlined Energy and Carbon Reporting (SECR)

Philmar (Holdings) Limited, being a large UK entity under the Companies Act 2006, meet the SECR criteria as set out in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This report includes energy and carbon information which relates to all group companies.

Energy Efficiency Actions Ongoing and those undertaken through 2020/21: This is the first year of SECR, so no comparison in emissions has been established. Comparisons will be available for the reporting year 31 December 2021. In the year covered by the report the Group undertook the following:

- Implemented a LED light replacement program.
- Purchased and installed an energy efficient thermal fluid heater and purchased an invertor to enable steady load (amps) to run at optimum efficiency.
- Installed conferencing facilities at Wednesbury and invested in Microsoft Teams to prevent unnecessary travel.
- In 2021 the Group will install a state of the art "pigging" system at Rotherham, reducing wastage and increasing the efficiency of the blending process.
- At Wednesbury we will further reduce our energy usage through the use of solar panels in line with the Groups sustainability strategy.

Methodology: This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities from which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement. The carbon figures have been calculated using the UK Government GHG Conversion Factors for Company Reporting for all fuels. (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020).

The SECR figures below relate to the two main trading entities within the group, all other entities have no emissions.

Exol Lubricants Limited

Scope	Description	Specific fuels	Units	tCO_2e
Scope 1	Combustion of fuel on site and transportation	On site: Natural gas	294,375 kWh	54.13
		On site: Transportation: Gas oil	4002 litres * 10.74228 kWh= 42,990.63 kWh	11.04
		On site: Diesel transport: Diesel	168,734.49 litres * 10.63324 kWh = 1,794,194.06 kWh	453.54
Scope 2	Purchased energy	Electricity	672,236 kWh	156.73
Scope 3	Supply chain emissions	Employee mileage claims: Unknown vehicle fuel	8900.2 miles * 1.16319 (2020 SECR kWh pass & delivery vehs, average car conversion factor to kWh) = 10,352.6 kWh	2.50
Total			2,814,148.29 kWh	677.94 tCO_2e
Intensity ratio	Emissions data (tCO2e) compared with an appropriate business activity			**0.0015 tCO_2e per 100 litres of packaged product.**

Directors' report (continued)

Exol Lubricants (Rotherham) Limited

Scope	Description	Specific fuels	Units	tCO_2e
Scope 1	Combustion of fuel on site and transportation	On site: Natural gas	2589.98 kWh	0.48
		On site: Transportation: Gas oil	311,492 litres * 10.74228 kWh= 3,346,134.28 kWh	859.02
		On site: Diesel transport: Diesel	166,380.14 litres * 10.63324 kWh = 1,769,158.96 kWh	447.21
Scope 2	Purchased energy	Electricity	521,501 kWh	121.58
Total			5,639,384.22 kWh	1,428.29 tCO_2e
Intensity ratio	Emissions data (tCO2e) compared with an appropriate business activity		**68,413,439**	**0.021 tCO_2e per 1000 litres produced**

Disclosure of information to the auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board on 28th September 2021.

S D Everitt
Director

All Saints Road
Wednesbury
West Midlands
WS10 9LL

Independent auditors' report to the members of Philmar (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Philmar (Holdings) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2020; the Consolidated profit and loss account and Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 group's and 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.

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.

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

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

Independent auditors' report to the members of Philmar (Holdings) Limited (continued)

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Independent auditors' report to the members of Philmar (Holdings) Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislations, employment laws and regulations, health and safety legislation and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations
- Assessing significant judgements and estimates in particular those relating to impairment of intangible and tangible assets, allowance for doubtful debts and net realizable value of inventory and the disclosures included on these balances within the financial statements
- Reviewing the minutes of the board meeting to check any non-compliance with laws and regulations
- Incorporating elements of unpredictability

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Independent auditors' report to the members of Philmar (Holdings) Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Mark Kingsbury

Mark Kingsbury (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

29 September 2021

Consolidated Profit and Loss Account

for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	2	**75,162,701**	73,947,881
Cost of sales		**(54,280,807)**	(58,215,046)
Gross profit		**20,881,894**	15,732,835
Distribution costs		**(3,631,962)**	(3,674,468)
Administrative expenses		**(7,923,797)**	(7,139,952)
Operating profit	3	**9,326,135**	4,918,415
Operating profit before amortisation		**10,395,210**	5,987,490
Amortisation	9	**(1,069,075)**	(1,069,075)
Operating profit	3	**9,326,135**	4,918,415
Interest payable and similar expenses	6	**(112,933)**	(321,823)
Profit before taxation		**9,213,202**	4,596,592
Tax on profit	7	**(2,009,875)**	(1,127,755)
Profit for the financial year		**7,203,327**	3,468,837

There is no other comprehensive income during the financial year.

All of the above relates to continuing operations.

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

The notes on pages 19 to 35 form an integral part of the financial statements.

Consolidated balance sheet

at 31 December 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	*9*		**9,823,767**		10,892,842
Tangible assets	*10*		**7,238,385**		6,733,688
			17,062,152		17,626,530
Current assets					
Stock	*12*	**10,181,905**		9,322,951	
Debtors	*13*	**14,651,834**		13,404,460	
Cash at Bank and in hand	*14*	**3,429,563**		1,118,316	
		28,263,302		23,845,727	
Creditors: amounts falling due within one year	*15*	**(20,151,462)**		(17,620,309)	
Net current assets			**8,111,840**		6,225,418
Total assets less current liabilities			**25,173,992**		23,851,948
Creditors: amounts falling due after more than one year	*16*		**(350,449)**		(349,089)
Deferred tax liability	*18*		**(434,051)**		(316,694)
Net assets			**24,389,492**		23,186,165
Capital and reserves					
Called-up share capital	*19*		**552**		552
Share premium account			**13,799,459**		13,799,459
Profit and loss account			**10,589,481**		9,386,154
Total shareholders' funds			**24,389,492**		23,186,165

The notes on pages 19 to 35 form an integral part of the financial statements.

The financial statements on pages 13 to 35 were approved by the Board of Directors on 28th September 2021 and signed on its behalf by:

S Everitt
Director

Company balance sheet
at 31 December 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Investments	*11*		**26,482,043**		26,482,043
Current assets					
Debtors	*13*	**6,000,011**		1,048,921	
		6,000,011		1,048,921	
Creditors : amounts falling due within one year	*15*	**(9,178,204)**		(4,227,114)	
Net current liabilities			**(3,178,193)**		(3,178,193)
Total assets less current liabilities			**23,303,850**		23,303,850
Creditors: amounts falling due after more than one year	*16*		-		-
Net assets			**23,303,850**		23,303,850
Capital and reserves					
Called up share capital	*19*		**552**		552
Share premium account			**13,799,459**		13,799,459
Profit and loss account	*20*		**9,503,839**		9,503,839
Total shareholders' funds			**23,303,850**		23,303,850
Company's profit for the financial year			**6,000,000**		**2,688,913**

The notes on pages 19 to 35 form an integral part of the financial statements.

The financial statements on pages 13 to 35 were approved by the Board of Directors on 28th September 2021 and signed on its behalf by:

S Everitt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and Loss Account £	Total £
Balance at 1 January 2019	552	13,799,459	8,606,230	22,406,241
Total comprehensive Income for the year				
Profit for the financial year	-	-	3,468,837	3,468,837
Total comprehensive income for the year	-	-	3,468,837	3,468,837
Transactions with owners, recorded directly in equity				
Dividends	-	-	(2,688,913)	(2,688,913)
Total contributions by and distributions to owners	-	-	(2,688,913)	(2,688,913)
Balance at 31 December 2019	**552**	**13,799,459**	**9,386,154**	**23,186,165**

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2020	552	13,799,459	9,386,154	23,186,165
Total comprehensive Income for the year				
Profit for the financial year	-	-	7,203,327	7,203,327
Total comprehensive income for the year	-	-	7,203,327	7,203,327
Transactions with owners, recorded directly in equity				
Dividends	-	-	(6,000,000)	(6,000,000)
Total contributions by and distributions to owners	-	-	(6,000,000)	(6,000,000)
Balance at 31 December 2020	**552**	**13,799,459**	**10,589,481**	**24,389,492**

Company Statement of Changes in Equity
for the year ended 31 December 2020

	Called up Share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2019	552	13,799,459	9,503,839	23,303,850
Total comprehensive Income for the year				
Profit for the financial year	-	-	2,688,913	2,688,913
Total comprehensive income for the year	-	-	2,688,913	2,688,913
Transactions with owners, recorded directly in equity				
Dividends	-	-	(2,688,913)	(2,688,913)
Total contributions by and distributions to owners	-	-	(2,688,913)	(2,688,913)
Balance at 31 December 2019	**552**	**13,799,459**	**9,503,839**	**23,303,850**

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2020	**552**	**13,799,459**	**9,503,839**	**23,303,850**
Total comprehensive Income for the year				
Profit for the financial year	-	-	6,000,000	6,000,000
Total comprehensive income for the year	-	-	6,000,000	6,000,000
Transactions with owners, recorded directly in equity				
Dividends	-	-	(6,000,000)	(6,000,000)
Total contributions by and distributions to owners	-	-	(6,000,000)	(6,000,000)
Balance at 31 December 2020	**552**	**13,799,459**	**9,503,839**	**23,303,850**

Consolidated Cash Flow Statement

for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		**7,203,327**	3,468,837
Adjustments for:			
Depreciation and amortisation		**1,839,637**	1,793,007
Interest payable and similar charges	6	**112,933**	321,823
Gain on disposal of fixed assets	3	**(16,000)**	(26,657)
Taxation	7	**2,009,875**	1,127,755
		11,149,772	6,684,765
(Increase)/decrease in stocks		**(858,954)**	1,192,839
Increase in debtors		**(972,374)**	(2,654,291)
Increase/(decrease) in creditors		**2,923,575**	(905,885)
		12,242,019	4,317,428
Interest paid	6	**(112,933)**	(321,823)
Dividends paid		**(1,048,910)**	(2,640,003)
Tax paid		**(1,460,290)**	(865,981)
Net cash inflow from operating activities		**9,619,886**	489,621
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**16,000**	45,149
Tangible assets adjustment		**(179,160)**	-
Acquisition of tangible fixed assets		**(666,689)**	(279,217)
Net cash outflow from investing activities		**(829,849)**	(234,068)
Cash flows from financing activities			
(Decrease)/increase in commercial finance advances		**(5,879,605)**	958,987
Repayment of borrowings		**-**	(69,272)
Directors loans advanced		**(275,000)**	-
Payment of finance lease liabilities		**(324,185)**	(487,331)
Net cash (outflow)/inflow from financing activities		**(6,478,790)**	402,384
Net increase in cash and cash equivalents		**2,311,247**	657,937
Cash and cash equivalents at 1 January		**1,118,316**	460,379
Cash and cash equivalents at 31 December		**3,429,563**	1,118,316

Notes
(forming part of the financial statements)

1 Accounting policies

Philmar (Holdings) Limited is a private company limited by shares and incorporated and domiciled in the UK. The address of the registered office as per Companies House is All Saints Road, Darlaston, Wednesbury, West Midlands, England, WS10 9LL.

These Group and parent company financial statements were prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the year has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29.

Measurement convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1. In addition, the financial statements include the principal risks and uncertainties facing the business, details of its financial instruments and the Group's exposures to credit risk and liquidity risk, where applicable.

The Group showed a profit before tax of £9,213,202 (2019: £4,596,592) and generated positive cash flows from operating activities. At the balance sheet date there were net current assets of £8,111,840 (2019: £6,225,418).

The Group has rolling banking facilities in place comprising a commercial finance agreement (17% utilised at the balance sheet date) and a revolving credit facility (undrawn as at the balance sheet date). These facilities are considered by the Board to be sufficient to support the on-going needs of the business.

The directors have prepared forecasts that extend to at least 12 months from the approval date of these financial statements. These forecasts comprise projected profit and cash flow information with appropriate sensitivities around operational performance and banking facilities. Based on these forecasts, the directors have a full expectation that the Group and the company have adequate resources to continue as a going concern. These forecasts incorporate the expected impact of another national lockdown and have assumed this could look similar to that experienced in early 2021.

After considering these scenarios, the directors have determined that the Group and the company have adequate cash resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the company's subsidiary Philmar Petroleum Limited and its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Classification of financial instruments issued by the group

In accordance with FRS102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

1. they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

2. where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

The company is applying section 11 and 12 of FRS 102.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of such derivatives is not significant to the accounts as at the year end and also in prior years, however this value will be assessed on an annual basis going forward.

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the group's goodwill is 20 years. We believe this period to be a appropriate with regards to the economic life of the corresponding benefits which the goodwill generates.

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

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, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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. The estimated useful lives are as follows:

Freehold buildings	2% on cost
Leasehold land and buildings	life of lease
Plant, machinery and vehicles	10-25% straight line
Fixtures and fittings	25% straight line
Freehold land	No depreciation

Notes *(continued)*

1 Accounting policies *(continued)*

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in years in which the related costs are incurred.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the years in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance leases recognised in profit or loss, overdraft interest, discounting interest and loan interest using the effective interest method

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is

Employee Benefits

Defined contribution plans

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 defined contribution pension plans are recognised as an expense in the profit and loss account in the years during which services are rendered by employees.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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, in which case it is 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.

Notes *(continued)*

1 Accounting policies *(continued)*

***Taxation** (continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current assets investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Foreign currency exchange

Transactions in foreign currencies are translated to the Group companies' functional currency 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.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The company enters into foreign currency forward contracts to reduce its exposure to exchange risk. The outstanding liability in respect of these contracts is set out in note 22 of the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Provisions

A provision is recognised in the balance sheet when the entity 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 recognised at the best estimate of the amount required to settle the obligation at the reporting date. Where the parent Company enters into financial guaranteed contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2 Turnover

The group turnover is attributable to one activity, the production and distribution of petroleum products.

	2020	2019
	£	£
Analysis of turnover by geographical market		
UK	**66,294,247**	64,830,353
Rest of Europe	**5,079,536**	4,822,429
Rest of World	**3,788,918**	4,295,099
	75,162,701	73,947,881

3 Operating profit

	2020	2019
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation and other amounts written off tangible fixed assets:		
Owned	**428,878**	466,816
Leased	**341,684**	257,116
Amortisation of intangible assets	**1,069,075**	1,069,075
Hire of plant and machinery - rentals payable under operating leases	**900,867**	868,714
Operating lease rentals for land and buildings	**55,620**	55,620
Gain on disposal of fixed assets	**(16,000)**	(26,657)
Gain on foreign exchange	**(912,986)**	(745,399)
Auditors' remuneration:		
Audit of the company's financial statements	**1,000**	1,000
Audit of the company's subsidiaries financial statements	**65,669**	41,229
Tax compliance services	**12,933**	21,942

There are no other fees payable to the auditors.

Notes *(continued)*

4 Remuneration of directors

	2020 £	2019 £
Directors' emoluments	**3,533,655**	2,325,557
Company contributions to money purchase pension schemes	**5,500**	10,000
	3,539,155	2,335,557

The emoluments of the highest paid director were:

	2020 £	2019 £
Directors' emoluments	**3,158,796**	1,829,139
Company contributions to money purchase pension schemes	**5,500**	10,000
	3,164,296	1,839,139

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

The directors are the only key management personnel of the group. The company had no employees during the year.

5 Staff numbers and costs

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

	2020 Number	2019 Number
Production	**60**	57
Sales and distribution	**39**	39
Administration	**31**	31
	130	127

	£	£
Wages and salaries	**8,570,359**	7,118,710
Social security costs	**991,415**	799,627
Other pension costs (note 26)	**158,461**	120,666
	9,720,235	8,039,003

Notes *(continued)*

6 Interest payable and similar expenses

	2020 £	2019 £
On bank loans and overdrafts	**85,350**	292,043
Finance charges payable in respect of finance leases and hire purchase contracts	**27,583**	29,780
	112,933	321,823

7 Taxation

	2020 £	2020 £	2019 £	2019 £
Current tax				
UK corporation tax on profits of the year	**1,873,160**		1,062,157	
Adjustments in respect of prior years	**19,358**		-	
		1,892,518		1,062,157
Deferred tax (see note 18)				
Origination and reversal of timing differences in the year	**87,076**		65,598	
Adjustments in respect of prior years	**30,281**		-	
		117,357		65,598
Total tax		**2,009,875**		1,127,755

The current tax charge for the year is higher *(2019: higher)* than the standard rate of corporation tax in the UK of 19% *(2019: 19%)* for the reasons outlined below:

	2020 £	2019 £
Current tax reconciliation		
Profit on ordinary activities before tax	**9,213,202**	4,596,592
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19 %)*	**1,750.508**	873,352
Effects of:		
Expenses not deductible for tax purposes	**223,873**	243,327
Adjustments in respect of prior years	**27,442**	-
Fixed asset differences	-	18,792
Adjust closing deferred tax rate to average rate of 19%	**8,052**	(37,258)
Adjust opening deferred tax rate to average rate of 19%	-	29,542
Total tax expenses recognised in profit and loss	**2,009,875**	1,127,755

Notes *(continued)*

7 Taxation (continued0

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would not be material to disclose.

8 Dividends

The aggregate amount of dividends comprises:

	2020	2019
	£	£
Dividends authorised and no longer at the discretion of the company	**6,000,000**	2,688,913

9 Intangible fixed assets

Group	**Goodwill arising on consolidation £**
Cost	
At 1 January 2020 and 31 December 2020	21,381,493
Accumulated amortisation	
At 1 January 2020	10,488,651
Charge in the year	1,069,075
At 31 December 2020	11,557,726
Net book value	
At 31 December 2020	**9,823,767**
At 31 December 2019	10,892,842

The intangible asset reflects the premium paid for the 100% shareholding in Philmar Petroleum Limited. The 1,052 shares were purchased for £26,482,043 with goodwill created of £21,381,493 and being amortised over its expected useful economic life of 20 years.

Notes *(continued)*

10 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold land and buildings £	Plant, machinery and vehicles £	Fixtures and fittings £	Total £
Cost					
At beginning of year	4,836,367	128,888	4,995,293	721,115	10,681,663
Additions	26,694	-	1,043,004	26,401	1,096,099
Disposals	-	-	(163,130)	-	(163,130)
Adjustment*	-	116,421	3,525,937	251,279	3,893,637
At end of year	4,863,061	245,309	9,401,104	998,795	15,508,269
Accumulated depreciation					
At beginning of year	423,338	92,532	3,075,871	356,234	3,947,975
Charge	75,995	7,574	590,588	96,405	770,562
Disposals	-	-	(163,130)	-	(163,130)
Adjustment*	-	116,996	3,339,187	258,294	3,714,477
At end of year	499,333	217,102	6,842,516	710,933	8,269,884
Net book value					
At 31 December 2020	**4,363,728**	**28,207**	**2,558,588**	**287,862**	**7,238,385**
At 31 December 2019	4,413,029	36,356	1,919,422	364,881	6,733,688

* The adjustment above relates to the correction of a consolidation adjustment.

The net book value of plant, machinery and vehicles above includes the following amounts in respect of assets held under finance leases and hire purchase contracts.

	2020 £	2019 £
Group	**1,348,356**	1,128,038

The depreciation charge for the year on assets held under finance lease and hire purchase contracts was £341,684 *(2019: £257,116)*.

The company has no fixed assets.

Notes *(continued)*

11 Investments

Company	**Shares in group companies**
	£
Cost	
At beginning and end of year	26,482,043

On 11 March 2010 the company acquired 100% of the share capital of Philmar Petroleum Limited for £26,482,043.

Shares in active group companies are as follows:

Subsidiary undertaking	Country of Registration	Registered address	Principal Activity	Class and percentage of shares held
Philmar Petroleum Limited	England & Wales	Same address as Philmar Holdings Limited	Holding company	100% of ordinary £1 shares
Exol Lubricants (Rotherham) limited*	England & Wales	Northfield Road, Rotherham, South Yorkshire, S60 1RR	Production of lubricating oil	100% of ordinary £1 shares
Exol Lubricants Limited*	England & Wales	Same address as Philmar Holdings Limited	Distribution of petroleum products	100% of ordinary £1 shares
John Brindle Oil & Chemical Limited*	England & Wales	Same address as Philmar Holdings Limited	Distribution of petroleum products	100% of ordinary £1 shares

* Shares held indirectly through its investment in Philmar Petroleum Limited.

Philmar Petroleum Limited and John Brindle Oil & Chemical Limited are exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006.

12 Stocks

	Group		**Company**	
	2020	2019	**2020**	2019
	£	£	**£**	£
Raw materials	**7,186,023**	6,370,758	-	-
Finished goods	**2,995,882**	2,952,193	-	-
	10,181,905	9,322,951	-	-

Notes *(continued)*

13 Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	**14,102,268**	13,232,508	-	-
Directors loans	**275,000**	-	-	-
Other debtors	**11**	11	**11**	11
Dividend receivable	-	-	**6,000,000**	1,048,910
Prepayments	**274,555**	171,941	-	-
	14,651,834	13,404,460	**6,000,011**	1,048,921

All debtors are due within one year.

Trade debtors are stated after provisions for impairment of £44,025 (2019: £134,492).

Directors loans and amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	**3,429,563**	1,118,316
Cash and cash equivalents per cash flow statements	**3,429,563**	1,118,316

15 Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Commercial finance advances	-	5,879,605	-	-
Obligations under finance leases and hire purchase contracts (see note 17)	**490,934**	387,069	-	-
Trade creditors	**6,963,269**	6,934,907	-	-
Corporation tax	**1,012,230**	580,002	-	-
Amounts owed to group undertakings	-	-	**3,178,204**	3,178,204
Other taxation and social security	**1,728,435**	390,751	-	-
Other creditors	**57,002**	59,677	-	-
Dividends payable	**6,000,000**	1,048,910	**6,000,000**	1,048,910
Accruals	**3,899,592**	2,339,388	-	-
	20,151,462	17,620,309	**9,178,204**	4,227,114

The amounts owed to group undertakings are unsecured, do not carry an interest rate and are repayable on demand. Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate. Commercial finance advances are secured by a charge over trade debtors and other group assets.

Notes *(continued)*

16 Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Obligations under finance leases and hire purchase contracts	**350,449**	349,089	-	-
	350,449	349,089	-	-

The finance leases primarily relate to vehicles and machinery which are leased from a specialist leasing company. The remaining lease terms range between 1 and 3 years. At the end of the lease terms the title of the assets is transferred to the company.

17 Obligations under finance leases and hire purchase contracts:

Debt repayment schedule

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Debt can be analysed as falling due				
In one year or less, on demand	**490,934**	6,266,674	-	-
Between one and two years	**244,934**	272,501	-	-
Between two and five years	**105,515**	76,588	-	-
	841,383	6,615,763	-	-

Notes *(continued)*

18 Deferred tax liability

Full provision for deferred taxation has been made and relates to the differences between accumulated depreciation and amortisation and capital allowances.

	Deferred Taxation £	Total £
On beginning of the year	316,694	316,694
Charge to the profit and loss for the year	117,357	117,357
At end of year	**434,051**	**434,051**

The elements of deferred taxation are as follows:

	2020 £	2019 £
Difference between accumulated depreciation and capital allowances	**434,051**	316,694
Other timing differences	-	-
	434,051	316,694

The net deferred tax liability expected to reverse within 3 – 5 years.. This primarily relates to the reversal of timing differences on tangible assets and capital allowances through depreciation, offset by expected tax deductions when payments are made to utilise provisions.

19 Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
276 *(2019: 276)* Ordinary A shares of £0.01 each	**276**	276
276 *(2019: 276)* Ordinary B shares of £0.01 each	**276**	276
	552	552

There are two classes of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20 Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account. The company profit for the financial year is £6,000,000 *(2019: £2,688,913)* before the payment of a dividend of £6,000,000 *(2019: £2,688,913)*.

Notes *(continued)*

21 Commitments

a) Capital commitments at the end of the financial year for which no provision has been made are as £nil. (2019: nil)

b) Non-cancellable operating leases are payable as follows:

	Land and buildings 2020 £	**Other 2020 £**	Land and buildings 2019 £	Other 2019 £
Group				
Less than one year	**72,000**	**119,923**	55,620	137,565
Between one and five years	**288,000**	**191,513**	-	95,843
Over five years	**-**	**-**	-	-
	360,000	**311,436**	55,620	233,408

22 Current asset investments and other financial assets

Foreign exchange contract

At the balance sheet date, the group had entered into contracts to purchase US Dollars and Euros in order to settle purchases made in these currencies as follows:

2020

Date	**USD**	**Rate**	**GBP**
15/01/21	$1,500,000	1.3125	£1,142,844
03/02/21	$600,000	1.3445	£446,265
01/04/21	$1,200,000	1.3459	£891,629

Date	**Euro**	**Rate**	**GBP**
14/01/21	€1,600,000	1.1094	£1,442,235
12/02/21	€1,600,000	1.1087	£1,443,099

2019

Date	**USD**	**Rate**	**GBP**
14/02/20	$800,000	1.2467	£638,383
14/02/20	$1,600,000	1.2466	£1,276,909
21/02/20	$1,000,000	1.3100	£761,539
04/03/20	$1,000,000	1.3097	£761,447
27/04/20	$2,000,000	1.3457	£1,486,173

The fair value of these derivatives is not significant to the accounts as at the year end and also in prior years, however this value will be assessed on an annual basis going forward.

Notes *(continued)*

23 Contingent liabilities

Philmar (Holdings) Limited has provided a joint and several guarantees for the bank liabilities of fellow group companies. The bank liabilities of these companies at the year-end were £1,207,330 (2019 £5,090,751).

The company is party to a group VAT registration. Under this registration, each member is jointly and severally liable for the total VAT owed to Customs & Excise. The contingent liability at the year end was £1,424,060 (2019 £150,831).

24 Analysis of net debt

	At beginning of year £	Cash Flow £	Other non cash changes £	At end of year £
Cash at bank	1,118,316	2,311,247	-	**3,429,563**
	1,118,316	2,311,247	-	**3,429,563**
Debt due within one year	(5,879,605)	5,879,605		**-**
Debt due after more than one year	-	-	-	**-**
Finance leases	(736,158)	324,185	(429,410)	**(841,383)**
	(6,615,763)	6,203,790	(429,410)	**(841,383)**
Total	(5,497,447)	8,515,037	(429,410)	**2,588,180**

Other non-cash changes relates to the new finance leases entered into during the year.

25 Pension schemes

The group operates defined contribution pension schemes in respect of certain employees. The pension cost charge for the year represents contributions payable by the group to the funds and amounted to £158,461 *(2019 £120,666)*. At the end of the year there were outstanding pension contributions of £26,696 *(2019 £16,729)*.

Notes *(continued)*

26 Ultimate parent undertaking

The company is the ultimate parent company of the Group incorporated in England. The ultimate controlling party is Darren Frogson by way of his majority shareholding. This consolidated set of financial statements is the largest and smallest group in which the results of the Group and Company are consolidated.

27 Accounting estimates and judgements

Management does not consider there to be any significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, in the preparation of the financial statements.