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Financial Statements Watson Petroleum Limited

For the year ended 30 April 2014

Registered number: 594001

Company Information

Directors	Mrs E A Watson (resigned 7 March 2014) Mr A F J Watson Mr A R Watson (resigned 7 March 2014) Mr G G Rutherford Mr C J White (appointed 7 March 2014) Ms A B Urban (appointed 7 March 2014) Mr J R Cole (appointed 7 March 2014) Mr R B Crowell (appointed 7 March 2014) Mr W N Declaris (appointed 7 March 2014)
Company secretary	Dentons Secretaries Limited
Registered number	594001
Registered office	Lindum House Causeway End Brinkworth Chippenham Wiltshire SN15 5DN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT
Bankers	Barclays Bank Plc Thames Valley Region 4th Floor Apex Plaza Reading RG1 1AX

Contents

Directors' report
For the year ended 30 April 2014

The directors present their report and the financial statements for the year ended 30 April 2014.

Results

The profit for the year, after taxation, amounted to £5.2 million (2013 - £9.3 million). Particulars of dividends paid are detailed in note 23 to the financial statements.

Directors

The directors who served during the year and their interests in the group's issued share capital were:

	Ordinary shares of £1 each	
	2014	2013
Mrs E A Watson (resigned 7 March 2014)	-	70,000
Mr A F J Watson	-	58,570
Mr A F J Watson (as trustee)	-	110,513
Mr A R Watson (resigned 7 March 2014)	-	58,570
Mr A R Watson (as trustee - resigned 7 March 2014)	-	59,507
Mr G G Rutherford	-	-
Mr C J White (appointed 7 March 2014)	-	-
Ms A B Urban (appointed 7 March 2014)	-	-
Mr J R Cole (appointed 7 March 2014)	-	-
Mr R B Crowell (appointed 7 March 2014)	-	-
Mr W N Declaris (appointed 7 March 2014)	-	-

On 7 March 2014 the entire issued share capital of Watson Petroleum Limited was acquired by WFS UK Holding Company II Limited a wholly owned subsidiary of World Fuel Services Inc. a US listed corporation. As a result of the acquisition Mrs E A Watson and Mr A R Watson resigned from the board and a number of new directors joined the Board.

Employee involvement

It is the group's policy to maintain and develop arrangements aimed at involving employees in the company's affairs. Meetings are held during the year and relevant training is provided.

Disabled employees

It is the group's policy to offer equal opportunities to disabled persons applying for vacancies and persons becoming disabled during employment, and provide them with the same opportunities as are available to all employees within the limitations of their aptitudes and abilities.

Group Strategic Report

The directors have chosen to present financial risk management objectives and policies in the group strategic report.

Directors' report

For the year ended 30 April 2014

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Provision of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

A.F.J.

Mr A F J Watson
Director
Date: 19 September 2014

Group strategic report

For the year ended 30 April 2014

The directors present their strategic report and the financial statements of the group for the year ended 30 April 2014.

Principal activities and business review

The principal activity of the group during the year was the distribution of fuel and lubricants.

The winter of 2013-2014 was very mild particularly in the months from December 2013 to February 2014 when average temperatures were well above the 10 year average and this contrasted with the colder and extended winter in the prior financial year. The mild weather depressed heating related product volumes and margins in the year. Despite the impact of the mild winter turnover increased by 7% in the year to £1,339 million (2013: £1,247 million) primarily reflecting strong organic growth in commercial business throughout the year although operating profit reduced to £7.8 million in the year (2013: £13.8 million).

On 7 March 2014 the entire issued share capital of Watson Petroleum Limited was acquired by WFS UK Holding Company II Limited a wholly owned subsidiary of World Fuel Services Inc. a US listed corporation. As a result of the acquisition Mrs E A Watson and Mr A R Watson resigned from the board and a number of new directors joined the Board.

The directors are satisfied with the results achieved.

Key performance indicators

The group's key performance indicators are sales volume and gross profit. Sales volume increased by 7% compared to the prior year while gross profit decreased by 8% due to the very mild winter.

Principal risks and uncertainties

The principal risks that the business faces are set out below. The directors have adopted a risk management process which involves the review of the risks identified and where possible, the implementation of processes to monitor and mitigate such risks.

Economic downturn

An economic downturn, resulting in a reduction of consumer spending could have a direct impact on the income achieved by the group. This risk is mitigated by senior management keeping abreast of economic conditions and in the case of a severe economic downturn modifying marketing and pricing strategies to reflect the new market conditions.

Competitive risk

The group operates in a highly competitive market. The group manages this risk in a variety of ways including regularly monitoring and improving key customer relationships, leveraging its national storage and logistics infrastructure and continually winning new business.

Exceptional mild weather

The group mitigates this risk by increasing the proportion of sales to a wide range of commercial customers where demand is less affected by mild weather.

Group strategic report (continued)
For the year ended 30 April 2014

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include liquidity risk, credit risk, interest rate risk, capital risk, and price risk. The directors have policies in place to manage these risks:

Liquidity Risk

The group has access to inter-company funding from World Fuel Services Inc. so that there is sufficient liquidity available to meet the foreseeable needs of the business.

Interest rate risk

The group regularly reviews its interest rate exposure in the context of the wider economic conditions prevailing in the UK and considers a range of options for mitigation including interest rate swaps and entering into fixed rate arrangements on finance leases.

Credit risk

Credit risk arises from cash at bank and in hand and derivative financial instruments as well as credit exposures to customers.

As at 30 April 2014, the group has cash at bank and in hand of £2.8 million (30 April 2013: £0.5 million) held at financial institutions. The group reviews the banks and financial institutions holding deposits for acceptability given availability of banking institutions in each location.

The group also has exposure to credit risk through the extension of unsecured credit to customers in the normal course of business. The group performs credit evaluations, which are based in part on credit history with the applicable party. The credit evaluations may be inaccurate and there is no assurance that credit performance will not be materially worse than anticipated, and, as a result, materially affect the business, financial position and results of operations. The group's exposure to credit losses will depend on the financial condition of customers and other factors beyond the control of the group, such as deteriorating conditions in the world economy, political instability, terrorist activities, military action and natural disasters in our market areas.

The group maintains a credit insurance policy to help manage credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables and derivative financial instruments as presented on the balance sheet.

Capital risk

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Group strategic report (continued)
For the year ended 30 April 2014

Future developments

The directors will continue to follow the strategy which has resulted in the group's substantial growth in recent years.

This report was approved by the board on 19 September 2014 and signed on its behalf.

A.F.J. Watson

Mr A F J Watson
Director

Independent auditor's report to the members of Watson Petroleum Limited

We have audited the financial statements of Watson Petroleum Limited for the year ended 30 April 2014, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the note of consolidated historical cost profits and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Grant Thornton

Independent auditor's report to the members of Watson Petroleum Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP

Mark L Aldridge (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Bristol

19 September 2014

Consolidated profit and loss account

For the year ended 30 April 2014

	Note	2014 £000	2013 £000
Turnover	1,2	**1,338,745**	1,246,989
Cost of sales		**(1,276,451)**	(1,179,514)
Gross profit		**62,294**	67,475
Distribution costs		**(43,620)**	(41,228)
Administrative expenses		**(11,023)**	(12,626)
Other operating income	3	**137**	168
Operating profit	4	**7,788**	13,789
Interest receivable and similar income		**5**	7
Interest payable and similar charges	8	**(735)**	(1,086)
Other finance income	9	**-**	94
Profit on ordinary activities before taxation		**7,058**	12,804
Tax on profit on ordinary activities	10	**(1,839)**	(3,526)
Profit for the financial year		**5,219**	9,278

All amounts relate to continuing operations.

The notes on pages 13 to 38 form part of these financial statements.

Consolidated statement of total recognised gains and losses
For the year ended 30 April 2014

	Note	2014 £000	2013 £000
Profit for the financial year		**5,219**	9,278
Actuarial gain / (loss) related to pension scheme	29	**38**	(159)
Deferred tax attributable to actuarial gain / (loss)		**-**	38
Pension surplus not recognised	29	**(528)**	-
Total gains and losses relating to the year		**4,729**	9,157

Note of consolidated historical cost profits and losses
For the year ended 30 April 2014

	2014 £000	2013 £000
Reported profit on ordinary activities before taxation	**7,058**	12,804
Realisation of valuation gains of previous periods	**23**	23
Historical cost profit on ordinary activities before taxation	**7,081**	12,827
Historical profit for the year after taxation	**5,242**	9,301

The notes on pages 13 to 38 form part of these financial statements.

Consolidated balance sheet

As at 30 April 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Intangible assets	11		**12,019**		14,340
Tangible assets	12		**32,912**		33,477
			44,931		47,817
Current assets					
Stocks	15	**10,862**		8,733	
Debtors	16	**123,721**		129,240	
Cash at bank and in hand		**2,762**		481	
		137,345		138,454	
Creditors: amounts falling due within one year	17	**(132,951)**		(136,643)	
Net current assets			**4,394**		1,811
Total assets less current liabilities			**49,325**		49,628
Creditors: amounts falling due after more than one year	18		**(5,582)**		(9,811)
Provisions for liabilities					
Deferred tax	20		**(53)**		(353)
Net assets			**43,690**		39,464
Capital and reserves					
Called up share capital	21		**357**		357
Share premium account	22		**99**		99
Revaluation reserve	22		**2,296**		2,319
Capital redemption reserve	22		**437**		437
Profit and loss account	22		**40,501**		36,252
Shareholders' funds	24		**43,690**		39,464

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2014.

Mr A F J Watson
Director

The notes on pages 13 to 38 form part of these financial statements.

Company balance sheet
As at 30 April 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Intangible assets	11		**11,813**		14,134
Tangible assets	12		**32,912**		33,477
Investments	13		**4,725**		4,725
			49,450		52,336
Current assets					
Stocks	15	**10,862**		8,733	
Debtors	16	**123,721**		129,240	
Cash at bank and in hand		**2,762**		481	
		137,345		138,454	
Creditors: amounts falling due within one year	17	**(137,679)**		(141,370)	
Net current liabilities			**(334)**		(2,916)
Total assets less current liabilities			**49,116**		49,420
Creditors: amounts falling due after more than one year	18		**(5,582)**		(9,811)
Provisions for liabilities					
Deferred tax	20		**(53)**		(353)
Net assets			**43,481**		39,256
Capital and Reserves					
Called up share capital	21		**357**		357
Share premium account	22		**99**		99
Revaluation reserve	22		**2,182**		2,205
Capital redemption reserve	22		**437**		437
Profit and loss account	22		**40,406**		36,158
Shareholders' funds	24		**43,481**		39,256

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2014.

Mr A F J Watson
Director

A.F.J. Watson

The notes on pages 13 to 38 form part of these financial statements.

Consolidated cash flow statement

For the year ended 30 April 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	25	**18,444**	19,964
Returns on investments and servicing of finance	26	**(730)**	(1,083)
Taxation		**(3,513)**	(1,382)
Capital expenditure and financial investment	26	**(1,975)**	(1,708)
Acquisitions and disposals	26	**-**	(3,043)
Equity dividends paid		**(503)**	(302)
Cash inflow before financing		**11,723**	12,446
Financing	26	**(7,807)**	(2,787)
Increase in cash in the year		**3,916**	9,659

Reconciliation of net cash flow to movement in net debt

For the year ended 30 April 2014

	2014 £000	2013 £000
Increase in cash in the year	**3,916**	9,659
Cash outflow from decrease in debt and lease financing	**7,807**	2,787
Change in net debt resulting from cash flows	**11,723**	12,446
New finance lease	**(2,061)**	(612)
Movement in net debt in the year	**9,662**	11,834
Net debt at 1 May 2013	**(14,325)**	(26,159)
Net debt at 30 April 2014	**(4,663)**	(14,325)

The notes on pages 13 to 38 form part of these financial statements.

Notes to the financial statements
For the year ended 30 April 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

1.2 Going concern

The group has a significant and widespread customer base and as part of the World Fuel Services Inc. group has access to considerable financial resources. As a consequence, the directors believe the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The group meets its day to day funding requirements from cash reserves and via inter-company funding from World Fuel Services Inc. The Directors therefore have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its estimated useful economic life. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

1.4 Turnover

Turnover is the total amount receivable by the group for fuel, lubricants and associated services supplied during the year. Turnover is recognised on delivery of fuel, lubricants and associated services, when the obligation has been discharged. Turnover excludes VAT and trade discounts.

1.5 Goodwill and amortisation

Goodwill comprises the excess of fair value of the purchase consideration over the fair value of the identifiable net assets acquired.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Between 2 and 10 years

Notes to the financial statements
For the year ended 30 April 2014

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold and leasehold buildings	-	Between 10 and 50 years
Plant & machinery	-	5% to 50% straight line
Motor vehicles	-	12.5% to 33.3% straight line

Freehold land is not depreciated.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets, the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued and will not update that valuation.

1.7 Investments

Investments are included at cost. Profits or losses from disposals of fixed asset investments are treated as part of the results from ordinary activities.

When subsidiaries are acquired, the trade and net assets of a subsidiary undertaking are transferred to the company at their net book value. As a result of this, the value of the company's investment in a subsidiary undertaking would fall below the amount at which it was stated in the company's accounting records. Although the trading potential has ceased there is still value in the business represented by the investment. The investment, in excess of the subsidiary's net assets post hive-up, is transferred to goodwill in the parent company's financial statements to account for this continued benefit.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements
For the year ended 30 April 2014

1. Accounting policies (continued)

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis. Cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis.

1.11 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements
For the year ended 30 April 2014

1. Accounting policies (continued)

1.12 Pensions

Pensions are accounted for under FRS 17 Retirement Benefits. For the defined benefit scheme, obligations are measured at discounted present value whilst scheme assets are recognised at fair value. The service and financing costs of the scheme are recognised separately in the profit and loss account, service costs are spread systematically over the lives of the employees and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. A net surplus is recognised only to the extent that it is recoverable by the group.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 1 May 2013 which has been rolled forward for the purposes of FRS 17 by a qualified independent actuary.

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.13 Derivative instruments

The company uses interest rate swaps to adjust interest rate exposures.

Interest rate swaps are not revalued to fair value or shown on the group balance sheet at the year end.

1.14 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.15 Other operating income

Other operating income comprises rents received by the group for rental of some of its freehold property, recognised in the profit and loss account on a straight line basis over the term of the lease.

Notes to the financial statements
For the year ended 30 April 2014

2. Turnover

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation is attributable to the supply of fuel, lubricants and associated services for industrial, commercial and domestic purposes.

3. Other operating income

	2014	2013
	£000	£000
Rental income	137	168

4. Operating profit

The operating profit is stated after charging/(crediting):

	2014	2013
	£000	£000
Amortisation - intangible fixed assets	2,321	2,358
Depreciation of tangible fixed assets:		
- owned by the group	3,047	2,615
- held under finance leases	2,163	2,339
Operating lease rentals:		
- land and buildings	512	515
- other operating leases	613	680
Strategic review and restructuring costs	-	631
Profit on sale of tangible assets	(609)	(64)

5. Auditor's remuneration

	2014	2013
	£000	£000
Fees payable to the company's auditor for the audit of the company's annual accounts	61	59
Fees payable to the company's auditor in respect of:		
Compliance taxation services	10	7
All other non-audit services not included above	9	31

	2014	2013
	£000	£000
Fees payable to the company's auditor and its associates in connection with the company's pension scheme in respect of:		
The auditing of accounts of the scheme	2	2

Notes to the financial statements

For the year ended 30 April 2014

6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £000	2013 £000
Wages and salaries	**26,894**	22,177
Social security costs	**3,181**	2,220
Other pension costs (Note 29)	**1,699**	1,401
	31,774	25,798

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Operational staff	**397**	403
Administrative staff	**279**	269
Directors	**4**	4
	680	676

7. Directors' remuneration

	2014 £000	2013 £000
Remuneration	**3,533**	2,072
Company pension contributions to defined contribution pension schemes	**28**	31

During the year retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,188,937 (2013 - £1,600,000).

8. Interest payable

	2014 £000	2013 £000
On bank loans and overdrafts	**522**	787
On finance leases and hire purchase contracts	**213**	299
	735	1,086

Notes to the financial statements
For the year ended 30 April 2014

9. Other finance income

	2014 £000	2013 £000
Expected return on pension scheme assets	**867**	955
Interest on pension scheme liabilities	**(867)**	(861)
	-	94

10. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	**2,142**	3,619
Adjustments in respect of prior periods	**(3)**	(12)
Total current tax	**2,139**	3,607
Deferred tax		
Origination and reversal of timing differences	**(253)**	(222)
Effect of tax rate changes	**(46)**	(25)
Adjustment in respect of prior period	**(1)**	11
Deferred tax in respect of defined benefit pension scheme	**-**	155
Total deferred tax (see note 20)	**(300)**	(81)
Tax on profit on ordinary activities	**1,839**	3,526

Notes to the financial statements

For the year ended 30 April 2014

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.84% (2013 - 24%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	**7,058**	12,804
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.84% (2013 - 24%)	**1,612**	3,063
Effects of:		
Expenses not deductible for tax purposes	**244**	327
Capital allowances for year lower than depreciation	**246**	223
Land remediation tax credit	**(1)**	(2)
Utilisation of tax losses	**(1)**	-
Adjustments to tax charge in respect of prior periods	**(3)**	(12)
Other differences leading to an increase in the tax charge	**42**	8
Current tax charge for the year (see note above)	**2,139**	3,607

11. Intangible fixed assets

	Goodwill £000
Group	
Cost	
At 1 May 2013 and 30 April 2014	**26,051**
Amortisation	
At 1 May 2013	**11,711**
Charge for the year	**2,321**
At 30 April 2014	**14,032**
Net book value	
At 30 April 2014	**12,019**
At 30 April 2013	14,340

Notes to the financial statements
For the year ended 30 April 2014

11. Intangible fixed assets (continued)

	Goodwill
Company	£000
Cost	
At 1 May 2013 and 30 April 2014	25,845
Amortisation	
At 1 May 2013	11,711
Charge for the year	2,321
At 30 April 2014	14,032
Net book value	
At 30 April 2014	11,813
At 30 April 2013	14,134

Notes to the financial statements

For the year ended 30 April 2014

12. Tangible fixed assets

Group	Freehold property £000	Leasehold property £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 May 2013	21,031	732	16,181	27,137	65,081
Additions	47	-	1,077	4,106	5,230
Disposals	(230)	(376)	(101)	(2,292)	(2,999)
At 30 April 2014	20,848	356	17,157	28,951	67,312
Depreciation					
At 1 May 2013	3,431	250	11,188	16,735	31,604
Charge for the year	448	15	1,285	3,462	5,210
On disposals	(6)	(91)	(37)	(2,280)	(2,414)
At 30 April 2014	3,873	174	12,436	17,917	34,400
Net book value					
At 30 April 2014	16,975	182	4,721	11,034	32,912
At 30 April 2013	17,600	482	4,993	10,402	33,477

Included within the net book value of £32,912,000 is £7,456,000 (2013: £7,873,000) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,275,000 (2013: £2,339,000).

Included within the Freehold and Leasehold Property cost or valuation as at 30 April 2014 is:

Group	Land and buildings £000
At cost	18,680
Revaluation surplus	
Properties revalued between 1988 and 1990	2,524
	21,204

The properties were revalued between 1988 and 1990 with subsequent additions at cost.

Land and buildings are disclosed under the transitional provisions of FRS 15.

Notes to the financial statements
For the year ended 30 April 2014

12. Tangible fixed assets (continued)

If the land had not been included at valuation it would have been included under the historical cost convention as follows:

	2014	2013
	£000	£000
Group		
Cost	**3,497**	4,482
Accumulated depreciation	**-**	-
Net book value	**3,497**	4,482

If the buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2014	2013
	£000	£000
Group		
Cost	**15,183**	14,758
Accumulated depreciation	**(3,997)**	(3,314)
Net book value	**11,186**	11,444

Notes to the financial statements

For the year ended 30 April 2014

12 Tangible fixed assets (continued)

Company	Freehold property £000	Leasehold property £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 May 2013	21,031	732	16,099	27,134	64,996
Additions	47	-	1,077	4,106	5,230
Disposals	(230)	(376)	(101)	(2,292)	(2,999)
At 30 April 2014	20,848	356	17,075	28,948	67,227
Depreciation					
At 1 May 2013	3,431	250	11,106	16,732	31,519
Charge for the year	448	15	1,285	3,462	5,210
On disposals	(6)	(91)	(37)	(2,280)	(2,414)
At 30 April 2014	3,873	174	12,354	17,914	34,315
Net book value					
At 30 April 2014	16,975	182	4,721	11,034	32,912
At 30 April 2013	17,600	482	4,993	10,402	33,477

Included within the net book value of £32,912,000 is £7,456,000 (2013: £7,873,000) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,275,000 (2013: £2,339,000).

Included within the Freehold and Leasehold Property cost or valuation as at 30 April 2014 is:

Company	Land and buildings £000
At cost	18,680
Revaluation surplus	
Properties revalued between 1988 and 1990	2,524
	21,204

The properties were revalued between 1988 and 1990 with subsequent additions at cost.

Land and buildings are disclosed under the transitional provisions of FRS 15.

Notes to the financial statements

For the year ended 30 April 2014

12. Tangible fixed assets (continued)

If the land had not been included at valuation it would have been included under the historical cost convention as follows:

	2014	2013
Company	**£000**	£000
Cost	**3,497**	4,482
Accumulated depreciation	**-**	-
Net book value	**3,497**	4,482

If the buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2014	2013
Company	**£000**	£000
Cost	**15,183**	14,758
Accumulated depreciation	**(3,997)**	(3,314)
Net book value	**11,186**	11,444

Notes to the financial statements

For the year ended 30 April 2014

13. Fixed asset investments

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 May 2013 and 30 April 2014	**8,034**
Amounts written off	
At 1 May 2013 and 30 April 2014	**3,309**
Net book value	
At 30 April 2014	**4,725**
At 30 April 2013	4,725

14. Principal subsidiaries

Company name	Country of incorporation	Percentage of Ordinary shares held	Nature of business
Nigel Collison Fuels Limited	England	100	Non trading
Hall Fuels Limited	England	100	Non trading
Southdown Oil Supplies Limited	England	100	Non trading
Hardy Craske Fuels Limited	England	100	Non trading
Keltic Fuels Oils Limited	England	100	Non trading
Minster Fuels Limited	England	100	Non trading
Direct Oil Supplies Limited	England	100	Non trading

15. Stocks

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Finished goods and goods for sale	**10,862**	8,733	**10,862**	8,733

Notes to the financial statements

For the year ended 30 April 2014

16. Debtors

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade debtors	**119,635**	124,538	**119,635**	124,538
Amounts owed by group undertakings	**210**	-	**210**	-
VAT recoverable	**2,048**	3,176	**2,048**	3,176
Prepayments and accrued income	**1,828**	1,526	**1,828**	1,526
	123,721	129,240	**123,721**	129,240

Amounts owed by group undertakings represent amounts owed by companies within the World Fuel Services group but outside the Watson Petroleum group.

17. Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans and overdrafts	**-**	1,250	**-**	1,250
Net obligations under finance leases and hire purchase contracts	**1,843**	2,110	**1,843**	2,110
Trade creditors	**118,919**	121,167	**118,919**	121,167
Amounts owed to group undertakings	**5,474**	-	**10,199**	4,725
Corporation tax	**1,075**	2,449	**1,075**	2,449
Other taxation and social security	**608**	641	**608**	641
Amounts due under sales financing	**-**	1,635	**-**	1,635
Accruals and deferred income	**5,032**	7,391	**5,035**	7,393
	132,951	136,643	**137,679**	141,370

The group amounts owed to group undertakings represent amounts owed to companies within the World Fuel Services group but outside the Watson Petroleum group.

At 30 April 2013, the group utilised a sales financing facility where interest was charged at LIBOR plus 1.7%. The sales financing facility is no longer in place.

At 30 April 2013, there was a debenture in favour of a supplier and the total amount owed at the year end to the supplier was £16.1m. This debenture was satisfied during the current year.

Notes to the financial statements
For the year ended 30 April 2014

18. Creditors:
Amounts falling due after more than one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans	**-**	4,250	**-**	4,250
Net obligations under finance leases and hire purchase contracts	**5,582**	5,561	**5,582**	5,561
	5,582	9,811	**5,582**	9,811

Included within the above are amounts falling due as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Between one and five years				
Bank loans	**-**	4,250	**-**	4,250

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Finance leases repayable by instalments	**478**	636	**478**	636

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Between one and five years	**5,104**	4,925	**5,104**	4,925
After five years	**478**	636	**478**	636
	5,582	5,561	**5,582**	5,561

The bank loans and overdraft were secured by a charge over the group's various freehold properties via cross guarantees and debentures. The interest rate chargeable on the loan was the aggregate of LIBOR plus 2.6%.

Notes to the financial statements

For the year ended 30 April 2014

19. Derivatives

At 30 April 2013, the company had significant bank borrowings which were subject to variable interest rates.

The company mitigated the risk fluctuations on £4,000,000 of these loans by entering into a swap arrangement. There was a discounted swap of £4,000,000 over a five year period at an interest rate of 5.15%. The maturity date was 23 July 2013. The fair value of this agreement represented a liability of £46,334 at the year end.

At 30 April 2014 the company had no derivatives.

20. Deferred taxation

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
At beginning of year	**353**	589	**353**	589
Released during the year (P&L)	**(300)**	(236)	**(300)**	(236)
At end of year	**53**	353	**53**	353

The provision for deferred taxation is made up as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Excess of taxation allowances over depreciation on fixed assets	**121**	389	**121**	389
Other timing differences	**(68)**	(36)	**(68)**	(36)
	53	353	**53**	353

21. Share capital

	2014	2013
	£000	£000
Authorised		
1,000,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
357,160 Ordinary shares of £1 each	**357**	357

Notes to the financial statements
For the year ended 30 April 2014

22. Reserves

Group	Share premium account £000	Capital redempt'n reserve £000	Revaluation reserve £000	Profit and loss account £000
At 1 May 2013	99	437	2,319	36,252
Profit for the year	-	-	-	5,219
Dividends: Equity capital	-	-	-	(503)
Other recognised gains and losses during the year	-	-	-	(490)
Transfer between Revaluation reserve and P/L account	-	-	(23)	23
At 30 April 2014	99	437	2,296	40,501

Company	Share premium account £000	Capital redempt'n reserve £000	Revaluation reserve £000	Profit and loss account £000
At 1 May 2013	99	437	2,205	36,158
Profit for the year	-	-	-	5,218
Dividends: Equity capital	-	-	-	(503)
Other recognised gains and losses during the year	-	-	-	(490)
Transfer between Revaluation reserve and P/L account	-	-	(23)	23
At 30 April 2014	99	437	2,182	40,406

23. Dividends

	2014 £000	2013 £000
Dividends paid on equity capital	503	302

The 2014 dividends were paid on 7 May 2013.

Notes to the financial statements

For the year ended 30 April 2014

24. Reconciliation of movement in shareholders' funds

Group	2014 £000	2013 £000
Opening shareholders' funds	**39,464**	30,609
Profit for the financial year	**5,219**	9,278
Dividends (Note 23)	**(503)**	(302)
Other recognised gains and losses during the year	**(490)**	(121)
Closing shareholders' funds	**43,690**	39,464

Company	2014 £000	2013 £000
Opening shareholders' funds	**39,256**	30,401
Profit for the financial year	**5,218**	9,278
Dividends (Note 23)	**(503)**	(302)
Other recognised gains and losses during the year	**(490)**	(121)
Closing shareholders' funds	**43,481**	39,256

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £5,219,000 (2013 - £9,278,000).

25. Net cash flow from operating activities

	2014 £000	2013 £000
Operating profit	**7,788**	13,789
Amortisation of intangible fixed assets	**2,321**	2,358
Depreciation of tangible fixed assets	**5,210**	4,954
Profit on disposal of tangible fixed assets	**(609)**	(64)
Increase in stocks	**(2,128)**	(88)
Decrease/(increase) in debtors	**5,697**	(31,929)
Increase in amounts owed by group undertakings	**(178)**	-
(Decrease)/increase in creditors	**(4,641)**	31,497
Increase in amounts owed to group undertakings	**5,474**	-
Difference between service cost and contributions paid	**(490)**	(553)
Net cash inflow from operating activities	**18,444**	19,964

Notes to the financial statements

For the year ended 30 April 2014

26. Analysis of cash flows for headings netted in cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	**5**	7
Interest paid	**(522)**	(791)
Interest element of hire purchase and finance lease agreement	**(213)**	(299)
Net cash outflow from returns on investments and servicing of finance	**(730)**	(1,083)

	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(3,169)**	(1,793)
Sale of tangible fixed assets	**1,194**	85
Net cash outflow from capital expenditure	**(1,975)**	(1,708)

	2014 £000	2013 £000
Acquisitions and disposals		
Purchase of business	**-**	(3,043)

	2014 £000	2013 £000
Financing		
Net repayment of loans	**(5,500)**	(623)
Repayment of finance leases	**(2,307)**	(2,164)
Net cash outflow from financing	**(7,807)**	(2,787)

Notes to the financial statements
For the year ended 30 April 2014

27. Analysis of changes in net debt

	1 May 2013	Cash flow	Other non-cash changes	30 April 2014
	£000	£000	£000	£000
Cash at bank and in hand	481	2,281	-	2,762
Overdrafts (Sales financing)	(1,635)	1,635	-	-
Debt:				
Hire purchase and finance lease arrangements	(7,671)	2,307	(2,061)	(7,425)
Debts due within one year	(1,250)	1,250	-	-
Debts falling due after more than one year	(4,250)	4,250	-	-
Net debt	**(14,325)**	**11,723**	**(2,061)**	**(4,663)**

Notes to the financial statements
For the year ended 30 April 2014

28. Capital commitments

At 30 April 2014 the group and company had capital commitments as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Contracted for but not provided in these financial statements	**5,387**	3,199	**5,387**	3,199

29. Pension commitments

Watson Petroleum Limited Retirement Benefits Scheme

The Watson Petroleum Limited Retirement Benefits Scheme is a defined benefit scheme. The scheme closed to new entrants on 29 April 2005 and ceased to accrue benefits on 31 August 2007.

During the year there were £Nil normal contributions (2013: £Nil) nor any amounts paid by the members (2013: £Nil). There were special contributions of £490,000 (2013: £553,000) paid by the employer to the scheme. No other contributions were paid (2013: £Nil). The best estimate of contributions to be paid next year is £Nil.

Watson Petroleum Limited will enter into a buy-out arrangement to transfer the pension scheme liability to an insurer which will require Watson Petroleum Limited to make a payment to the insurer. The directors' best estimate of the likely payment to be made is £13 million, although this is subject to change as negotiations are on-going. It is likely that this payment will be made by 31 December 2014. World Fuel Services Inc. will make any funding needed available to Watson Petroleum Limited should the company have a requirement at the time of payment.

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£000	£000
Present value of scheme liabilities	**(21,284)**	(20,748)
Fair value of scheme assets	**22,000**	20,936
Surplus in scheme	**716**	188
Surplus not recognised	**(716)**	(188)
Net asset	**-**	-

Notes to the financial statements

For the year ended 30 April 2014

29. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2014 £000	2013 £000
Interest on scheme liabilities	**(867)**	(861)
Expected return on scheme assets	**867**	955
Total	**-**	94
Actual return on scheme assets	**1,228**	3,412

Movements in the present value of the defined benefit obligation were as follows:

	2014 £000	2013 £000
Opening defined benefit obligation	**20,748**	18,043
Interest on scheme liabilities	**867**	861
Actuarial losses	**353**	2,428
Benefits paid	**(684)**	(584)
Closing defined benefit obligation	**21,284**	20,748

Changes in the fair value of scheme assets were as follows:

	2014 £000	2013 £000
Opening fair value of scheme assets	**20,936**	17,555
Expected return on assets	**867**	955
Actuarial gains	**391**	2,269
Contributions by employer	**490**	553
Benefits paid	**(684)**	(584)
Restriction on expected return on assets	**-**	188
Closing fair value of the scheme assets	**22,000**	20,936

The cumulative amount of actuarial losses recognised in the consolidated statement of total recognised gains and losses was £3,664,000 (2013 - £3,702,000).

29. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities - Long Term Rate of Return 7.60% (2013: 7.50%)	**69.36 %**	65.91 %
Bonds - Government - Long Term Rate of Return 3.30% (2013: 3.10%)	**6.50 %**	8.65 %
Bonds - Corporate - Long Term Rate of Return 3.80% (2013: 3.50%)	**23.97 %**	24.79 %
Cash - Long Term Rate of Return 0.65% (2013: 0.45%)	**0.17 %**	0.65 %

Principal actuarial assumptions:

	2014	2013
Discount rate	**4.30 %**	4.25 %
Expected return on scheme assets	**6.34 %**	6.08 %
Future pension increases	**3.25 %**	3.50 %
Retail Prices Inflation	**3.40 %**	3.50 %
Consumer Prices Inflation	**2.20 %**	2.30 %
Rate of revaluation in deferment	**2.20 %**	2.30 %
Life expectancy at age 65		
Current Pensioners		
- Men	**23.1**	22.1
- Women	**25.4**	24.1
Future Pensioners now aged 40		
- Men	**25.0**	23.9
- Women	**26.9**	26.1

The post-retirement mortality assumptions used are based on 80% S1PMA (males) and S1PFA (females) base tables with CMI 2012 mortality projections with a long term rate of improvement of 1.25% p.a. for males and 1.00% p.a. for females (rebased to 2008).

The pre-retirement mortality assumptions used are based on 100% AMC00 (males) and AFC00 (females) with CMI 2012 mortality projections with a long term rate of improvement of 1.25% p.a. for males and 1.00% p.a. for females (rebased to 2000).

Notes to the financial statements
For the year ended 30 April 2014

29. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	**(21,284)**	(20,748)	(18,043)	(16,364)	(17,573)
Scheme assets	**22,000**	20,936	17,555	17,169	15,723
Surplus/(deficit)	**716**	188	(488)	805	(1,850)
Experience adjustments on scheme liabilities	**(403)**	(27)	(25)	731	135
Experience adjustments on scheme assets	**391**	2,269	(391)	567	2,844

Analysis of amount recognised in statement of total recognised gains and losses	**2014 £000**	2013 £000
Actual return less expected return on pension scheme assets	**391**	2,269
Experience gains and losses on liabilities	**(403)**	(27)
Changes in assumptions underlying the present value of scheme liabilities	**50**	(2,401)
Impact of changes of irrecoverable surplus	**(528)**	-
Actuarial loss in statement of total recognised gains and losses	**(490)**	(159)

The surplus unrecognised in 2014 of £528,000 has been adjusted through the statement of total recognised gains and losses.

Watson Petroleum Limited Group Personal Pension Plan

The Watson Petroleum Limited Group Personal Pension Plan is a defined contribution scheme. The scheme opened on 1 May 2005. Contributions paid in the year amounted to £1,802,000 (2013: £1,401,000).

Notes to the financial statements

For the year ended 30 April 2014

30. Operating lease commitments

At 30 April 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	**2014**	2013
Group	**£000**	£000	**£000**	£000
Expiry date:				
Within 1 year	**8**	23	**79**	22
Between 2 and 5 years	**117**	71	**362**	447
After more than 5 years	**281**	293	**46**	-

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	**2014**	2013
Company	**£000**	£000	**£000**	£000
Expiry date:				
Within 1 year	**8**	23	**79**	22
Between 2 and 5 years	**117**	71	**362**	447
After more than 5 years	**281**	293	**46**	-

31. Related party transactions

During the year, Watson Petroleum Limited sold properties to Bel Ombre Properties Limited, a company in which A F J Watson is a director, for £804,000. Bel Ombre Properties charged rent of £4,153 on two properties rented by Watson Petroleum Limited. There were no outstanding balances at the year end.

The ultimate controlling party is World Fuel Services Inc. a US listed corporation.

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures from disclosing transactions with related parties that are part of the World Fuel Services Inc. group of companies for the period on the grounds that the subsidiary undertakings with which Watson Petroleum Limited entered into transactions with are wholly-owned by the parent company, World Fuel Services Inc.