

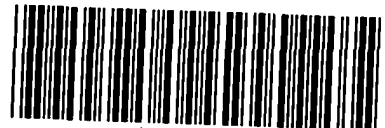
Registered No. SC032343

Highland Fuels Limited

Report and Financial Statements

For the year ended 31 December 2020

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COMPANIES HOUSE

Company Information

Directors

G G M Shand
S G Rhodes
K McKenzie
C Gold
P Maclean
A McIntosh
P Mearns

Secretary

Burness Paull LLP

Bankers

The Royal Bank of Scotland plc
29 Harbour Road
Inverness
IV1 1NU

Solicitors

Burness Paull LLP
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ
United Kingdom

Registered Office

Union Plaza (6th Floor)
1 Union Wynd
Aberdeen
AB10 1DQ
United Kingdom

Independent auditors

Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Group strategic report

Introduction

The directors present their Strategic Report for the year ended 31 December 2020.

Business review

The Group's key financial and other performance indicators during the year were as follows:

	2020 £'000	2019 £'000	Change %
Turnover	155,401	222,976	-30%
Operating Profit	3,660	2,694	36%
Profit after tax	2,941	2,112	39%
Shareholder's funds	24,249	19,692	23%
Average number of employees	228	224	2%

Turnover decreased by 30% due to an unprecedented fall in wholesale oil prices during Q1 2020. The arrival of the pandemic and the subsequent lockdown resulted in exceptional demand for heating oil products as consumers sought to maximise order quantities due to the one-off combination of high home occupancy and historically low oil prices. Filling station fuel volumes were directly impacted due to lockdown however this was off-set by growth in convenience retailing driven by investments in store developments and a resulting increase in site footfall and customer spend. Overheads were strictly controlled given the uncertain operating environment and increased concerns as to bad debt risk.

Profit after tax increased by 39% in 2020 and shareholder's funds increased by 23% to £24,248,831.

The average number of employees rose from 224 to 228.

Principal risks and uncertainties

Health, safety and environment

The nature of the Group's activities is such that the highest standards of health, safety and environmental stewardship are of the essence. Accordingly, the provision of best practice training is a top priority and every precaution is taken other wise to minimise risk. A full log is maintained of any occurrences for review by the Board of Directors.

Competitive risks

The Group operates in a highly competitive environment but is not exposed to over reliance on a small number of customers nor to a particular business sector. It also seeks to encourage customer loyalty by providing the highest practicable standard service.

Credit risks

In order to minimise risk of loss through customers defaulting a robust credit assessment and management process is in place which includes credit insurance in appropriate circumstances.

Liquidity and cash flow risk

In addition to diligent credit control the Group's banking facilities have been structured to provide maximum flexibility to meet its trading needs.

Group strategic report

Principal risks and uncertainties (continued)

COVID-19

The global economy has been deeply impacted by the effects of the COVID-19 pandemic and related governmental actions. The Group responded quickly taking a number of decisive actions prioritising the health and safety of the Group's employees and communities in which the Group operates, implementing work-from-home processes, stringent operational protocols and developing contingency plans to ensure continuity of the business throughout.

Section 172 Statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The directors have acted, and continue to act in a way that they consider, in good faith, would be most likely to promote the success of the company and group for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

The impact of the Covid-19 epidemic

To say we have lived through unprecedented times would be something of an understatement. As we entered this financial year rumours were circulating of the virus and by March 2020 our country and much of the world was in lockdown. The epidemic is having a huge effect on our way of life, our health, our economy, our customers and staff and the way we do business. Many businesses have not survived and, sadly, the toll on families has been devastating. In dealing with the pandemic the directors have had to act swiftly to protect our customers, our people and our business. Our primary activities, the distribution of fuel but also of food through our forecourts, is an essential service and thus we have been able to operate throughout lockdown. Various measures have been introduced in compliance with government guidance and industry best practice to ensure that we are able to operate safely. These have included the introduction of home working, provision of PPE, new working practices for deliveries, deep cleaning of offices and facilities and the fitting of screens in our forecourt shops. These measures have increased costs but enabled the group to operate throughout the period while maintaining vital supply to our customers and keeping people safe.

The likely consequences of any decision in the long term

The group has a strong board of experienced industry and finance professionals. Specifically, the board comprises the roles of chair, managing director, sales, operations and health & safety, finance, retail and one non-executive. The board meets monthly and reviews health & safety, operating performance, finance (covering financial performance, working capital and cash flow), sales and marketing, employee issues, regulatory and compliance, capital expenditure and feedback. Board and other meetings became virtual during the period of the pandemic and this new way of working has proved very successful. The board considers the long term goals of the group and the impact that any decisions would have across the relevant stakeholders. Stakeholders for this purpose would include shareholders, employees, suppliers, customers, creditors, regulators (including HMRC), local communities and the environment.

The board also reviews strategy, and along with the matters noted above, to ensure that considered and informed decisions are taken in the best interests of the group and its members. Information is provided to the board through reports sent in advance and through presentations.

In our previous s.172 report it was noted that the board decided to install dash cams in all road tankers and delivery vehicles. This was primarily done for health & safety and operational reasons. Since introduction this has been a great success contributing to road safety, driver protection and as a source of continual improvement. In addition, in 2019 the board approved the launch of our first unmanned filling station. During the pandemic this has proven to be a great success with significantly improved volumes.

Group strategic report

Section 172 Statement (continued)

A project which was approved by the board in 2019 continues into the current year with the upgrading of the communications network across the whole group. This project is leading to better, faster and more reliable connectivity into the future at a reduced cost. The timing of this project has been very appropriate given the need for further investment in 2020 to enable home working.

During 2020 the board approved the entry of the group into the fuel card business. This new service has been launched in 2021 and initial results are very encouraging

A project which was approved by the board in 2019 continues into the current year with the upgrading of the communications network across the whole group. This project is leading to better, faster and more reliable connectivity into the future at a reduced cost.

The interests of the group's employees

At the year end the group had 228 employees split over 12 depots, 15 filling stations and head office. An executive director heads each department as noted above and stays well connected to the work force. Managers in each location hold regular briefings and discussions with staff.

Given the nature of group activities, health & safety is of paramount importance and regular updates, training and briefings are held with the workforce.

The need to foster the group's business relationships with suppliers, customers and others

Members of the senior management team and the board meet regularly with key customers and suppliers to enhance relationships and understand their views. Our relationships with key suppliers are critical and are the responsibility of senior board members. These include regular meetings with their senior staff and our active participation in trade bodies such as the Petroleum Association.

Group banking facilities are provided by Royal Bank of Scotland. The group held cash of £7 M at the year end (2019 - £2.9M) and had no bank borrowings throughout the year. An unused invoice discounting facility of £9M was in place throughout the year to provide flexibility. Senior directors regularly meet with our bankers.

The impact of the group's operations on the community and the environment

Care of the community and the environment in which the group works is not only a fundamental business principle but represents good business. The group complies with all applicable legislation and strives to lead by example. Health & Safety is core to everything the group does, and its importance is demonstrated by it being the first order of business at the monthly board meetings and by the review of any incidents by the full board.

Maintain a reputation for high standards of business conduct

The group maintains a high standard of business conduct at every location and in each business activity. The size of the group and the leadership of directors through each activity enables a high level of oversight to be undertaken which is subject to detailed review at the monthly board meetings.

Act fairly as between members of the company

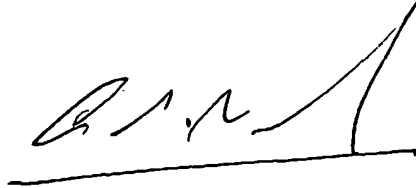
The Highland Fuels group of companies is privately held. All subsidiary companies are 100% owned and with the completion of the share buy back programme all shares in the ultimate holding company are held by George Shand, the chairman of the company.

Group strategic report

The main trading activities of the group are conducted within Highland Fuels Limited. As noted earlier the directors lead each of the main functions and are involved in key decisions.

This report was approved by the board and signed on its behalf on 24 September 2021

G G M Shand
Director

A handwritten signature in black ink, appearing to be 'G G M Shand', written over a horizontal line.

Registered No. SC032343

Directors' report

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

Results and dividends

The Profit for the year, after taxation, amounted to £2,941,334 (2019 - £2,111,593).

The directors have paid a final dividend of £Nil (2019 - £904,500)

Directors

The directors who served during the year were:

G G M Shand

S G Rhodes (Appointed 24th May 2021)

K McKenzie (Appointed 24th May 2021)

C Gold (Appointed 24th May 2021)

P Maclean

A McIntosh

P Mearns

D Macleod (Resigned 13 March 2020)

The interest of GGM Shand is in the issued share capital of the ultimate holding company, Highland Fuels (Investments) Limited.

Going concern

The financial statements have been prepared under the going concern basis. The Group closely monitors and manages its funding position and liquidity risk throughout the year to ensure that it has access to sufficient funds to meet forecast cash requirements.

The Group's business activities, together with the factors likely to affect its financial position and its exposure to credit, liquidity and interest rate risk are described in the Strategic Report.

The Directors have assessed profitability and cash flow forecasts, including significant but plausible downside sensitivities, applied to turnover and profitability for a range of issues, including the continuing impact of Covid-19. This assessment shows substantial headroom within the forecasts as regards the funding resources available to the Group. The Directors believe that sufficient funds are available to allow the company and all subsidiaries to continue to meet our obligations for the going concern period to 30 September 2022 and that it therefore remains appropriate to prepare the financial statements on a going concern basis.

As part of the group, the company has access to financial resources as required. We remain confident that our financial resources are strong, well balanced and suitably liquid. The Group has a positive cash at bank position of approximately £8m at the time of this report and the current year trading performance remains strong in terms of profitability and cash generation.

Future developments

The directors intend to continue with the management policies which have resulted in significant business growth in recent years. This essentially involves organic growth combined with appropriate synergetic acquisitions as and when suitable opportunities arise.

Directors' report

Energy and carbon report

The following statements are given in accordance with the Companies (Miscellaneous Reporting Regulations) 2018, for reporting periods beginning on or after 1 April 2019, in respect of GHG and Energy Use.

The following information gives the relevant disclosures for the group in respect of GHG emissions and energy use for the period 1 January 2020 to 31 December 2020.

Energy consumption used to calculate emissions (kWh): Electricity – (1,159,356) kWh; Gas - nil; Diesel - (6,189,343 kWh); Petrol - (24,219 kWh); Employee owned cars - (139,440 kWh).

Emissions from combustion of gas Co2e (scope 1): nil

Emissions from combustion of fuel for transport purposes Co2e (scope 1); 1,302.13 Co2e MT

Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel: tCo2e (scope 3): 35.64 Co2e Mt

Emissions from purchased electricity Co2e (Scope 2, location based): (270.29 Co2e MT)

Total gross Co2e based on above: (1,608.06 Co2e MT)

Intensity ratio; Co2e gross figure/total sales revenue; (1,608.06 Co2e MT)/£155,401k = 0.010)

Methodology: GHG Reporting Protocol - Corporate Standard

Energy Efficiency Action

During the period the group has been reviewing energy usage with a view to making further improvements, including using technology to maximise route efficiency.

In the period covered by the report the group has only consumed renewable electricity. Furthermore the head office utilises solar technology as a further improvement measure.

All of the groups filling station stores have installed energy efficient LED lighting. The group has plans to introduce EV charging infrastructure and hardware at a number of its filling stations.

Re-appointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

Disclosure of information to auditors

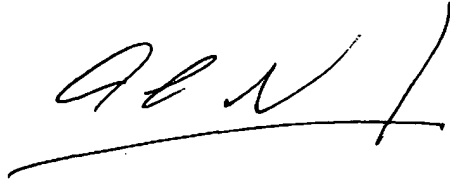
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Directors' report

This report was approved by the board and signed on its behalf on 24 September 2021.

G G M Shand
Director

A handwritten signature in black ink, appearing to read 'GGM Shand', with a long horizontal line extending from the end of the signature.

Statement of directors' responsibilities

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements 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.

Independent auditors' report

To the members of Highland Fuels Limited

Opinion

We have audited the financial statements of Highland Fuels Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "Reduced Disclosure Framework applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independent auditors' report

To the members of Highland Fuels Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

To the members of Highland Fuels Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how Highland Fuels Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company communicates its policies and procedures in these areas. We corroborated our enquiries through our review of the supporting documentation. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations. Our procedures on journal entries testing includes a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Independent auditors' report

To the members of Highland Fuels Limited (continued)

Ernst & Young LLP

Jamie Dixon (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

27 September 2021

Highland Fuels Limited

Registered No. SC032343

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	2	155,401,079	222,975,967
Cost of sales		(139,871,951)	(208,133,701)
Gross Profit		15,529,128	14,842,266
Distribution costs		(2,494,301)	(2,734,817)
Administrative expenses		(9,374,556)	(9,413,879)
Operating Profit	3	3,660,271	2,693,570
Interest receivable and similar income	7	3,572	2,037
Interest payable and expenses	8	(4,008)	(12,194)
Share of loss in associate	13	(1,769)	(1,404)
Profit before Tax		3,658,066	2,682,009
Tax charge on Profit before tax	9	(716,732)	(570,416)
Profit for the financial year		2,941,334	2,111,593
Surplus on revaluation of fixed assets		1,994,538	-
Deferred tax movement relating to revaluation of tangible fixed assets		(379,059)	(21,522)
Other comprehensive income for the year		1,615,479	(21,522)
Total comprehensive income for the year		4,556,813	2,090,071
Total comprehensive income for the year attributable to:			
Owners of the parent		4,556,813	2,090,071

The notes on pages 19 to 36 form part of these financial statements.

Highland Fuels Limited

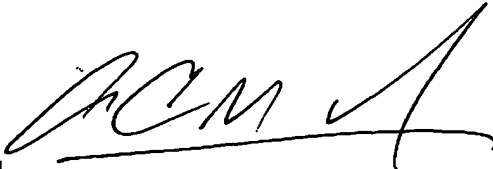
Registered No. SC032343

Consolidated balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	418,072	448,685
Tangible assets	12	12,300,637	9,895,109
Investments	13	29,084	29,033
		<u>12,747,793</u>	<u>10,372,827</u>
Current assets			
Stocks	14	1,460,415	1,561,393
Debtors: amounts falling due within one year	15	21,119,465	24,833,373
Cash at bank and in hand	16	<u>7,070,521</u>	<u>2,929,946</u>
		29,650,401	29,324,712
Creditors: amounts falling due within one year	17	<u>(16,931,075)</u>	<u>(19,330,456)</u>
Net current Assets		<u>12,719,326</u>	<u>9,994,256</u>
Total assets less current liabilities		25,467,119	20,367,083
Creditors: amounts falling due after more than one year		-	-
Provisions for liabilities			
Deferred taxation	20	<u>(1,218,288)</u>	<u>(675,065)</u>
Net Assets		<u>24,248,831</u>	<u>19,692,018</u>
Capital and reserves			
Called up share capital	23	2,200,000	2,200,000
Revaluation reserve	21	3,056,934	1,453,292
Profit and loss account		<u>18,991,897</u>	<u>16,038,726</u>
Shareholders' funds		<u>24,248,831</u>	<u>19,692,018</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2021.


G G M Shand
Director

The notes on pages 19 to 36 form part of these financial statements.

Highland Fuels Limited

Registered No. SC032343

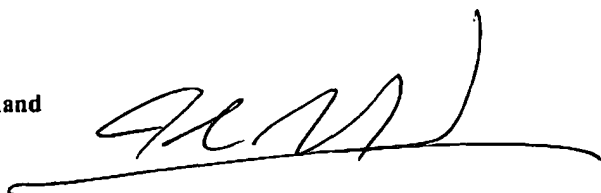
Company balance sheet

As at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	12	3,565,637	2,913,739
Investments	13	<u>59,022</u>	<u>57,202</u>
		3,624,659	2,970,941
Current assets			
Stocks	14	1,460,415	1,561,393
Debtors: amounts falling due within one year	15	28,869,504	32,462,064
Cash at bank and in hand	16	<u>7,070,521</u>	<u>2,929,946</u>
		37,400,440	36,953,403
Creditors: amounts falling due within one year	17	<u>(16,831,055)</u>	<u>(19,230,437)</u>
Net current Assets		<u>20,569,385</u>	<u>17,722,966</u>
Total assets less current liabilities		24,194,044	20,693,907
Creditors: amounts falling due after more than one year		-	-
Provisions for liabilities			
Deferred taxation	20	<u>(429,653)</u>	<u>(265,488)</u>
Net Assets		<u>23,764,391</u>	<u>20,428,419</u>
Capital and reserves			
Called up share capital	23	2,200,000	2,200,000
Revaluation reserve	21	1,061,546	1,061,546
Profit and loss account		<u>20,502,845</u>	<u>17,166,873</u>
Shareholders' funds		<u>23,764,391</u>	<u>20,428,419</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2021.

G G M Shand
Director



The notes on pages 19 to 36 form part of these financial statements.

Consolidated statement of changes in equity

As at 31 December 2020

	<i>Called up share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 January 2020	2,200,000	1,453,292	16,038,726	19,692,018
Profit for the year	-	-	2,941,334	2,941,334
Transfers	-	(11,837)	11,837	-
Gain on revaluation for the year	-	1,994,538	-	1,994,538
Deferred tax movement relating to revaluation of tangible fixed assets	-	(379,059)	-	(379,059)
Dividend: Equity capital	-	-	-	-
At 31 December 2020	2,200,000	3,056,934	18,991,897	24,248,831

Consolidated statement of changes in equity

As at 31 December 2019

	<i>Called up share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 January 2019	2,200,000	1,498,488	14,807,959	18,506,447
Profit for the year	-	-	2,111,593	2,111,593
Transfers	-	(23,674)	23,674	-
Deferred tax movement relating to revaluation of tangible fixed assets	-	(21,522)	-	(21,522)
Dividends: Equity capital	-	-	(904,500)	(904,500)
At 31 December 2019	2,200,000	1,453,292	16,038,726	19,692,018

The notes on pages 19 to 36 form part of these financial statements.

Highland Fuels Limited

Registered No. SC032343

Company statement of changes in equity

As at 31 December 2020

	<i>Called up share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 January 2020	2,200,000	1,061,546	17,166,873	20,428,419
Profit for the year	-	-	3,335,972	3,335,972
Dividends: Equity capital	-	-	-	-
At 31 December 2020	2,200,000	1,061,546	20,502,845	23,764,391

Company statement of changes in equity

As at 31 December 2019

	<i>Called up share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 January 2019	2,200,000	1,061,546	15,649,410	18,910,956
Profit for the year	-	-	2,421,963	2,421,963
Dividends: Equity capital	-	-	(904,500)	(904,500)
At 31 December 2019	2,200,000	1,061,546	17,166,873	20,428,419

The notes on pages 19 to 36 part of these financial statements.

Consolidated statement of cash flows

As at 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	2,941,334	2,111,593
Adjustments for:		
Amortisation of intangible assets	30,613	30,613
Revaluation losses	73,029	-
Share of loss in associate	1,769	1,404
Depreciation of tangible assets	916,239	840,374
Gain on disposal of tangible assets	(25,400)	(13,300)
Decrease / (increase) in stocks	100,978	(16,289)
Interest paid	4,008	12,194
Interest received	(3,572)	(2,037)
Tax on profit	716,732	570,416
Decrease / (increase) in debtors	3,760,897	(1,476,181)
Increase in amounts owed by group undertakings	-	(904,500)
(Decrease) / increase in creditors	(2,043,542)	1,341,754
Increase in amounts owed to group undertakings	-	904,500
Corporation tax paid	(905,501)	(397,089)
Net cash generated from operating activities	5,567,584	3,003,452
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,400,257)	(853,414)
Purchase of investment in associates	(1,820)	(5,200)
Sale of tangible fixed assets	25,400	13,299
Interest received	3,572	2,037
Net cash used in investing activities	(1,373,105)	(843,278)
Cash flows from financing activities		
Repayment hire purchase agreements	(49,896)	(134,041)
Dividends paid	-	(904,500)
Interest paid	-	-
Hire-purchase interest paid	(4,008)	(12,194)
Net cash used in financing activities	(53,904)	(1,050,735)
Net increase in cash and cash equivalents	4,140,575	1,109,439
Cash and cash equivalents at beginning of year	2,929,946	1,820,507
Cash and cash equivalents at the end of year	7,070,521	2,929,946
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,070,521	2,929,946

The notes on pages 19 to 36 form part of these financial statements.

Notes to the financial statements

at 31 December 2020

Notes to the financial statements

at 31 December 2020

1. Accounting policies

Statement of compliance and basis of preparation

Highland Fuels Limited is a limited liability company incorporated in Scotland. The registered office is Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ.

The financial statements have been prepared in compliance with Financial Reporting Standard 102, as it applies to the financial statements of the Company for the year ended 31 December 2020. The financial statements have been prepared in sterling which is the functional currency of the Company.

Basis of consolidation

The Group financial statements consolidate the financial statements of Highland Fuels Limited and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Highland Fuels Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Going concern

The financial statements have been prepared under the going concern basis. The Group closely monitors and manages its funding position and liquidity risk throughout the year to ensure that it has access to sufficient funds to meet forecast cash requirements.

The Group's business activities, together with the factors likely to affect its financial position and its exposure to credit, liquidity and interest rate risk are described in the Strategic Report.

The Directors have assessed profitability and cash flow forecasts, including significant but plausible downside sensitivities, applied to turnover and profitability for a range of issues, including the continuing impact of Covid-19. This assessment shows substantial headroom within the forecasts as regards the funding resources available to the Group. The Directors believe that sufficient funds are available to allow the company and all subsidiaries to continue to meet our obligations for the going concern period to 30 September 2022 and that it therefore remains appropriate to prepare the financial statements on a going concern basis.

As part of the group, the company has access to financial resources as required. We remain confident that our financial resources are strong, well balanced and suitably liquid. The Group has a positive cash at bank position of approximately £8m at the time of this report and the current year trading performance remains strong in terms of profitability and cash generation.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the Company's key sources of estimation uncertainty:

Notes to the financial statements

at 31 December 2020

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Revaluation of land and buildings and petrol stations and fuel storage

Land and buildings and petrol stations and fuel storage are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Company engaged Graham & Sibbald, Chartered Surveyors, to determine fair value at 31 December 2020. During the current and prior year, the directors assessed the fair value of the properties and deemed them to have increased by the amount of additions during the year.

Goodwill

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. The estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating unit to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible assets

Goodwill

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in determining the profit or loss on sale or discontinuance.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Notes to the financial statements

at 31 December 2020

1. Accounting policies (continued)

Tangible fixed assets (continued)

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Buildings	2-20% straight line
Plant & machinery	10-50% straight line
Motor vehicles	10-33% straight line
Fixtures & fittings	10-33% straight line
Petrol stations and fuel storage	2.5% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Revaluation of tangible fixed assets

Land and buildings and petrol stations and fuel storage are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the income statement.

Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The Group's investments in its associate is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

Notes to the financial statements

at 31 December 2020

1. Accounting policies (continued)

Valuation of investments (continued)

The aggregate of the Group's share of profit or loss of the associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax of the associate.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the income statement.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

Notes to the financial statements

at 31 December 2020

1. Accounting policies (continued)

Current and deferred taxation (continued)

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Marketing and distribution of fuel and operation of filling stations	155,398,979	222,972,367
Rental income	2,100	3,600
Total turnover	<u>155,401,079</u>	<u>222,975,967</u>

3. Operating Profit

The operating Profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	916,239	840,374
Amortisation of intangible assets, including goodwill	30,613	30,613
Defined contribution pension cost	172,485	166,077
Operating lease rentals - land and buildings	156,558	147,413
Operating lease rentals - other	<u>16,414</u>	<u>23,739</u>

Notes to the financial statements

at 31 December 2020

4. Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	72,500	65,000
Tax compliance services	19,500	18,970
Tax advisory services	-	15,000

5. Employees

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

	2020	2019
	£	£
Wages and salaries	4,943,586	5,102,773
Social security costs	453,987	474,478
Cost of defined contribution scheme	172,485	166,077
	<u>5,570,058</u>	<u>5,743,328</u>

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

	2020	2019
	No.	No.
Sales and distribution staff	206	201
Management and administrative staff	22	23
	<u>228</u>	<u>224</u>

6. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	371,962	377,986
Company contributions to defined contribution pension schemes	23,383	24,088
	<u>395,345</u>	<u>402,074</u>

During the year retirement benefits were accruing to 8 directors (2019 - 5) in respect of defined contribution pension schemes.

Notes to the financial statements

at 31 December 2020

6. Directors' remuneration (continued)

	2020 £	2019 £
In respect of highest paid director:		
Aggregate remuneration	87,790	122,725
Aggregate lump sum payments / bonuses	-	30,000
Aggregate contribution to pension scheme	3,920	6,883

7. Interest receivable

	2020 £	2019 £
Bank interest receivable	3,572	2,037

8. Interest payable and similar charges

	2020 £	2019 £
Finance leases and hire purchase contracts	4,008	12,194

9. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	618,118	500,911
Adjustments in respect of previous periods	(65,551)	(7,409)
Total current tax	552,567	493,502
Deferred tax		
Origination and reversal of timing differences	129,131	77,519
Adjustment in respect of previous periods	3,400	7,555
Effect of changes in tax rates	31,634	(8,160)
Total deferred tax	164,165	76,914
Taxation on profit on ordinary activities	716,732	570,416

Notes to the financial statements

at 31 December 2020

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 – higher than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	3,658,066	2,682,009
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	695,033	509,581
Effects of:		
Expenses not deductible for tax purposes	383,372	95,665
Effects of group relief / other reliefs		-
Adjustments to tax charge in respect of prior periods	(393,307)	(25,632)
Other timing differences leading to a decrease / increase in taxation	31,634	(9,198)
Total tax charge for the year	716,732	570,416

Factors that may affect future tax charges

At the 2020 Budget, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. At the 2021 Budget the government announced that from 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

The changes that have not been substantively enacted at the balance sheet date are not included in these financial statements. The impact for the year is not considered to be material.

10. Dividends

	2020 £	2019 £
Dividends paid on equity capital	-	904,500

Notes to the financial statements

at 31 December 2020

11. Intangible assets

Group and Company

	<i>Goodwill</i>
	<i>£</i>
Cost	
At 1 January 2020 and 31 December 2020	612,257
Amortisation	
At 1 January 2020	163,572
Charge for the year	30,613
At 31 December 2020	<u>194,185</u>
Net book value	
At 31 December 2020	<u>418,072</u>
At 1 January 2020	<u>448,685</u>

Goodwill arising on the acquisition of Thames Gold Holdings Limited and Lunargem Limited is being amortised over its useful economic life of 20 years.

Notes to the financial statements

at 31 December 2020

12. Tangible assets

Group

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Fixtures and fittings</i>	<i>Petrol stations and fuel storage</i>	<i>Total</i>
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2020	817,990	7,346,385	47,485	535,406	6,669,151	15,416,417
Additions	62,850	1,218,469	-	60,439	58,499	1,400,257
Disposals	-	(391,501)	-	-	-	(391,501)
At 31 December 2020	<u>880,840</u>	<u>8,173,353</u>	<u>47,485</u>	<u>595,845</u>	<u>6,727,650</u>	<u>16,425,173</u>
Depreciation						
At 1 January 2020	50,502	4,580,833	11,872	422,832	455,269	5,521,308
Charge for the period on owned assets	28,992	559,616	9,496	57,898	260,237	916,239
Disposals	-	(391,501)	-	-	-	(391,501)
Surplus / Deficit on revaluation	66,346	-	-	-	(1,987,856)	(1,921,510)
At 31 December 2020	<u>145,840</u>	<u>4,748,948</u>	<u>21,368</u>	<u>480,730</u>	<u>(1,272,350)</u>	<u>4,124,536</u>
Net book value						
At 31 December 2020	<u>735,000</u>	<u>3,424,406</u>	<u>26,117</u>	<u>115,115</u>	<u>8,000,000</u>	<u>12,300,637</u>
At 1 January 2020	<u>767,488</u>	<u>2,765,552</u>	<u>35,613</u>	<u>112,574</u>	<u>6,213,882</u>	<u>9,895,109</u>

Included in land and buildings is land at valuation of £141,453 (2019: £141,453), (cost £96,449 (2019: £96,449)) which is not depreciated.

Included in petrol stations and fuel storage is land at valuation of £2,490,220 (2019: £2,490,220) (cost £2,513,086 (2019: £2,513,086)) which is not depreciated.

The Group's land and buildings and petrol stations and fuel storage were revalued on 31 December 2020 by Graham & Sibbald, Chartered Surveyors, on an open market existing use basis. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors' valuation guidelines and IFRS 13.

Notes to the financial statements

at 31 December 2020

12. Tangible assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020	2019
	£	£
Plant and machinery	-	233,010

Cost or valuation at 31 December 2020 is as follows:

	Land and buildings £	Petrol stations and fuel storage £
At cost	1,011,404	8,634,803
As at 31 December 2020 adjustment to lower cost to valuation	(276,404)	(634,803)
At valuation	<u>735,000</u>	<u>8,000,000</u>

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

	2020	2019
	£	£
Group		
Cost	755,673	692,823
Accumulated depreciation	<u>(300,319)</u>	<u>(300,319)</u>
Net book value	<u>455,354</u>	<u>392,504</u>

If the petrol stations and fuel storage had not been included at valuation they would have been included under the historical cost convention as follows:

	2020	2019
	£	£
Group		
Cost	4,114,020	7,055,521
Accumulated depreciation	<u>(1,951,411)</u>	<u>(1,951,411)</u>
Net book value	<u>2,162,609</u>	<u>5,104,110</u>

Notes to the financial statements

at 31 December 2020

12. Tangible assets (continued)

Company

	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£	£
Cost or valuation				
At 1 January 2020	7,346,385	47,485	535,406	7,929,276
Additions	1,218,470	-	60,439	1,278,909
Disposals	(391,501)	-	-	(391,501)
At 31 December 2020	<u>8,173,354</u>	<u>47,485</u>	<u>595,845</u>	<u>8,816,684</u>
Depreciation				
At 1 January 2020	4,580,833	11,872	422,832	5,015,537
Charge for the period on owned assets	559,615	9,497	57,898	627,011
Disposals	(391,501)	-	-	(391,501)
At 31 December 2020	<u>4,748,948</u>	<u>21,369</u>	<u>480,730</u>	<u>5,251,047</u>
Net book value				
At 31 December 2020	<u>3,424,406</u>	<u>26,116</u>	<u>115,115</u>	<u>3,565,637</u>
At 1 January 2020	<u>2,765,552</u>	<u>35,613</u>	<u>112,574</u>	<u>2,913,739</u>

13. Investments

Group

	<i>Investment in associate</i>
	£
Cost	
At 1 January 2020	29,033
Purchase of share investment in associates	1,820
Share of loss in associate	(1,769)
At 31 December 2020	<u>29,084</u>

Notes to the financial statements

at 31 December 2020

13. Investments (continued)

Company

	Investment in subsidiary companies and associate £
Cost as at 1 January 2020	57,202
Additions during the year	1,820
Cost as at 31 December 2020	<u>59,022</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

<i>Name</i>	<i>Class of shares</i>	<i>Holding</i>	<i>Business</i>
SCM Affric Limited*	Ordinary	100%	Property rental
SCM Ardrossan Limited*	Ordinary	100%	Property rental
SCM Auchenharvie Limited*	Ordinary	100%	Property rental
SCM Bobbin Limited*	Ordinary	100%	Property rental
SCM Campbeltown Limited*	Ordinary	100%	Property rental
SCM County Limited*	Ordinary	100%	Property rental
SCM Darnley Mill Limited*	Ordinary	100%	Property rental
SCM Huntly Limited*	Ordinary	100%	Property rental
SCM Kilbirnie Limited*	Ordinary	100%	Property rental
SCM Kilwinning Limited*	Ordinary	100%	Property rental
SCM Loans Limited*	Ordinary	100%	Property rental
SCM Mills Limited*	Ordinary	100%	Property rental
SCM Pier Limited*	Ordinary	100%	Property rental
SCM Property Holdings Limited	Ordinary	100%	Holding company
SCM Ravenspark Limited*	Ordinary	100%	Property rental
SCM Riggend Limited*	Ordinary	100%	Property rental
SCM Sandybrae Limited*	Ordinary	100%	Property rental
SCM Scapa Limited*	Ordinary	100%	Property rental
SCM Sheiling Limited*	Ordinary	100%	Property rental
SCM Toll Limited*	Ordinary	100%	Property rental
Thames Petroleum (Scotland) Limited	Ordinary	100%	Property rental

* Held by a subsidiary undertaking.

Other than Thames Petroleum (Scotland) Limited, the registered address of all the subsidiary undertakings is Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ.

The registered address of Thames Petroleum (Scotland) Limited is Connect House 133-137 Alexandra Road, Wimbledon, London, United Kingdom, SW19 7JY.

For the year ended 31 December 2020, Thames Petroleum (Scotland) Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Notes to the financial statements

at 31 December 2020

14. Stock

	<i>Group</i> 2020 £	<i>Group</i> 2019 £	<i>Company</i> 2020 £	<i>Company</i> 2019 £
Finished goods and goods for resale	<u>1,460,415</u>	<u>1,561,393</u>	<u>1,460,415</u>	<u>1,561,393</u>

15. Debtors

	<i>Group</i> 2020 £	<i>Group</i> 2019 £	<i>Company</i> 2020 £	<i>Company</i> 2019 £
Trade debtors	8,761,846	12,982,016	8,761,846	12,982,016
Amounts owed by group undertakings	9,988,137	9,988,137	17,743,376	17,622,028
Corporation tax debtor	46,989	-	46,989	-
Other debtors	1,820,015	1,312,554	1,814,815	1,307,354
Prepayments & accrued income	<u>502,478</u>	<u>550,666</u>	<u>502,478</u>	<u>550,666</u>
	<u>21,119,465</u>	<u>24,833,373</u>	<u>28,869,504</u>	<u>32,462,064</u>

An impairment loss of £237,078 (2019: £214,146) has been recognised against trade debtors by the Group and an impairment loss of £237,078 (2019: £214,146) has been recognised against trade debtors by the Company.

16. Cash and cash equivalents

	<i>Group</i> 2020 £	<i>Group</i> 2019 £	<i>Company</i> 2020 £	<i>Company</i> 2019 £
Cash at bank and in hand	<u>7,070,521</u>	<u>2,929,946</u>	<u>7,070,521</u>	<u>2,929,946</u>

Notes to the financial statements

at 31 December 2020

17. Creditors: Amounts falling due within one year

	<i>Group</i> <i>2020</i>	<i>Group</i> <i>2019</i>	<i>Company</i> <i>2020</i>	<i>Company</i> <i>2019</i>
	£	£	£	£
Trade creditors	10,733,384	14,008,218	10,733,384	14,008,218
Amounts owed to group undertakings	2,039,107	2,039,107	2,039,088	2,039,088
Corporation tax	-	305,944	-	305,944
Taxation and social security	117,758	118,069	117,758	118,069
Obligations under finance lease and hire purchase contracts	-	49,896	-	49,896
Other creditors	2,300,081	1,498,512	2,300,081	1,498,512
Accruals and deferred income	1,740,745	1,310,710	1,640,744	1,210,710
	<u>16,931,075</u>	<u>19,330,456</u>	<u>16,831,055</u>	<u>19,230,437</u>

Highland Fuels Limited has granted a bond and floating charge in favour of RBS Invoice Finance Limited.

Highland Fuels Limited and Thames Petroleum (Scotland) Limited have granted a multi-client guarantee in favour of RBS Invoice Finance Limited.

On 19 September 2012, Highland Fuels Limited granted a floating charge in favour of Phillips 66 Limited over the whole of the assets of the Company.

The Group overdraft facility is secured by a bond and floating charge in favour of The Royal Bank of Scotland plc over the whole of the property of Highland Fuels Limited and its subsidiaries and standard securities granted over certain of the Group's assets.

The above securities granted by Highland Fuels Limited are subject to a ranking agreement.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	<i>Group</i> <i>2020</i>	<i>Group</i> <i>2019</i>	<i>Company</i> <i>2020</i>	<i>Company</i> <i>2019</i>
	£	£	£	£
Within one year	-	49,895	-	49,895
Between 1-2 years	-	-	-	-
Between 2-5 years	-	-	-	-

Notes to the financial statements

at 31 December 2020

19. Financial instruments

	<i>Group</i> 2020 £	<i>Group</i> 2019 £	<i>Company</i> 2020 £	<i>Company</i> 2019 £
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	12,982,016	11,357,962	12,982,016	11,357,962
Other debtors	1,312,554	1,339,155	1,312,554	1,339,155
Financial liabilities measured at amortised cost				
Finance lease and hire purchase	49,895	183,937	49,895	183,937
Trade creditors	14,008,218	13,095,998	14,008,218	13,095,998
Other creditors	1,498,512	1,404,474	1,498,512	1,404,474

Financial assets measured at amortised cost comprise trade debtors and other debtor balances. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment.

Financial Liabilities measured at amortised cost comprise trade creditors, other creditors and hire-purchase lease rentals.

20. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(675,065)	(576,629)
Adjustment in respect of prior years	-	(76,914)
Charged to income statement	(164,164)	(379,059)
Charged to other comprehensive income	(379,059)	(21,522)
At end of year	(1,218,288)	(675,065)

Company

	2020 £	2019 £
At beginning of year	(265,488)	(188,574)
Adjustment in respect of prior years	(3,400)	(76,914)
Charged to the profit or loss	(160,765)	-
At end of year	(429,653)	(265,488)

Notes to the financial statements

at 31 December 2020

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	<i>Group</i> 2020	<i>Group</i> 2019	<i>Company</i> 2020	<i>Company</i> 2019
	£	£	£	£
Fixed assets timing differences	(675,065)	(677,185)	(265,488)	(267,608)
Other timing differences	-	2,120	(3,400)	2,120
Deferred tax charge to other comprehensive income for the period	(379,059)	-	-	-
Deferred tax charge to income statement for the period	(164,164)	-	(160,765)	-
	<u>(1,218,288)</u>	<u>(675,065)</u>	<u>429,653</u>	<u>(265,488)</u>

21. Reserves

Revaluation reserve

This reserve is used to record increases in the fair value of land and buildings and petrol stations and fuel storage and decreases to the extent that such decrease relates to an increase on the same asset.

In 2016, the land and buildings, and petrol stations and fuel storage previously held by Highland Fuels Limited were transferred to other Group companies. The consideration received was not considered to be qualifying and so the balance in the Company's revaluation reserve remains unrealised and is therefore not distributable.

In 2017 and 2020, the Group's land and buildings and petrol stations and fuel storage were revalued by Graham & Sibbald, Chartered Surveyors, on an open market existing use basis and the resulting gain was recognised in other comprehensive income.

22. Parent company Profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £3,335,972 (2019: £2,421,963).

23. Share capital

	2020	2019
	£	£
<i>Shares classified as equity</i>		
<i>Allotted, called up and fully paid</i>		
2,200,000 - Ordinary shares of £1 each	<u>2,200,000</u>	<u>2,200,000</u>

Notes to the financial statements

at 31 December 2020

24. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £172,485 (2019: £166,077).

25. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments under non cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	174,335	174,335	174,335	174,335
Later than 1 year and not later than 5 years	90,113	110,632	90,113	110,632
Later than 5 years	171,655	206,083	171,655	206,083
Total	<u>436,103</u>	<u>491,050</u>	<u>436,103</u>	<u>491,050</u>

26. Related party transactions

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £499,051 (2019: £402,385).

27. Controlling party

The immediate parent undertaking is Highland Fuels Holdings Limited, a company registered in Scotland.

The ultimate parent undertaking is Highland Fuels (Investments) Limited, a company registered in Scotland.

The ultimate controlling party is G G M Shand.

Highland Fuels (Investments) Limited is the parent undertaking of the only Group of undertakings to consolidate these financial statements.

The consolidated financial statements may be obtained from Affric House, Beechwood Business Park, Inverness, IV2 3BW.