



**MARKIM FUEL OILS LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED JUNE 30, 1997**



**MARKIM FUEL OILS LIMITED**

**DIRECTORS**

Mr S Dron  
Mr Y S Kadan  
Mr S A Westmoreland  
Mr J Kitto

**SECRETARY**

Mr C P Martin

**AUDITORS**

Arthur Andersen  
1 Surrey Street  
London  
WC2R 2PS

**REGISTERED OFFICE**

Burgan House  
The Causeway  
Staines  
Middlesex TW18 3PA

## **MARKIM FUEL OILS LIMITED**

### **DIRECTORS' REPORT**

The directors submit their report on the affairs of the company, together with the accounts and auditors' report for the year ended June 30, 1997.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **REVIEW OF THE BUSINESS**

The company's principal activity during the year continued to be the selling and distribution of petroleum products.

### **RESULTS AND DIVIDENDS**

The profit for the year amounted to £314,376 (1995 - £84,518). The directors do not recommend the payment of a dividend (1996 - nil).

**MARKIM FUEL OILS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

Mr S Dron  
Mr Y S Kadan  
Mr J Kitto (appointed 1 April 1997)  
Mr S A Westmoreland (appointed 1 August 1997)  
Mr G Smith (resigned 1 April 1997)

No director has, or has had during the year, or since the year end, any interests in the company or any other group company which require disclosure under Schedule 7 of the Companies Act 1985.

**AUDITORS**

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board

Burgan House  
The Causeway  
Staines  
Middlesex  
TW18 3PA



C P Martin  
Secretary

26 August 1997

## **MARKIM FUEL OILS LIMITED**

### **AUDITORS' REPORT**

To the Shareholders of Markim Fuel Oils Limited:

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

#### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at June 30, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
1 Surrey Street  
London  
WC2R 2PS

26 August 1997

**MARKIM FUEL OILS LIMITED****PROFIT AND LOSS ACCOUNT** for the year ended June 30, 1997

	<b><u>Notes</u></b>	<b>1997 £</b>	<b>1996 £</b>
<b>TURNOVER</b>	2	8,160,281	8,513,575
Cost of sales		<u>(6,705,093)</u>	<u>(7,313,441)</u>
<b>GROSS PROFIT</b>		1,455,188	1,200,134
Distribution costs		(589,543)	(588,593)
Administrative expenses		<u>(569,181)</u>	<u>(573,454)</u>
<b>OPERATING PROFIT</b>		296,464	38,087
Interest receivable	3	<u>17,912</u>	<u>46,431</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	314,376	84,518
Taxation on Profit on Ordinary Activities	5	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		314,376	84,518
Retained profit brought forward		<u>146,812</u>	<u>62,294</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>461,188</u>	<u>146,812</u>

There are no recognised gains or losses in either year other than the profit for each year.

The accompanying notes are an integral part of this profit and loss account.

**MARKIM FUEL OILS LIMITED****BALANCE SHEET at June 30 1997**

	<u>Notes</u>	<b>1997</b> <b>£</b>	<b>1996</b> <b>£</b>
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>-</u>	<u>9,579</u>
<b>CURRENT ASSETS</b>			
Stocks	9	39,830	104,779
Debtors – due within one year	8	1,588,338	1,346,510
Cash at bank and in hand		<u>379,035</u>	<u>261,089</u>
		2,007,203	1,712,378
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(1,534,015)</u>	<u>(1,563,145)</u>
<b>NET CURRENT ASSETS</b>		<u>473,188</u>	<u>149,233</u>
<b>NET ASSETS</b>		<u>473,188</u>	<u>158,812</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	11,12	100	100
Share premium account	12	11,900	11,900
Profit and loss account	12	<u>461,188</u>	<u>146,812</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	12	<u>473,188</u>	<u>158,812</u>

The accounts on pages 5 to 12 were approved by the board of directors on 26 August 1997 and signed on its behalf by:



J Kitto  
Director

The accompanying notes are an integral part of this balance sheet.

## **MARKIM FUEL OILS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. ACCOUNTING POLICIES**

##### **(a) Basis of Accounting**

These accounts are prepared under the historical cost convention, and in accordance with applicable accounting and financial reporting standards, all of which have been applied consistently throughout the year and with the preceding year.

##### **(b) Turnover**

Turnover represents amounts receivable in respect of goods and services supplied exclusive of excise duty and value added tax.

##### **(c) Depreciation**

Tangible fixed assets in use are depreciated on the straight line method at rates designed to write off costs, less residual value, over their estimated useful lives, as follows:

Plant & machinery, fixtures & fittings	up to 10 years
Leasehold improvements	over the term of the lease

##### **(d) Stocks**

Stocks, which comprise refined petroleum products and materials and supplies, are valued at the lower of average cost and net realisable value.

##### **(e) Taxation**

Corporation tax payable is provided on taxable profits at the current rate. The liability to corporation tax is reduced by the availability of group loss relief for which no payment will be made.

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that taxation will be payable.

**NOTES TO THE ACCOUNTS**

(f) Cash Flow Statement

The company is exempt from the obligation to present a cash flow statement in accordance with Financial Reporting Standard No1 "Cash Flow Statements" (revised), since it is a wholly owned subsidiary undertaking of another incorporated company which presents a cash flow statement.

(g) Pensions

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of the scheme members. Any difference between the charge to the profit and loss account and the contribution paid to the scheme is shown as an asset or liability in the balance sheet.

(h) Operating Leases

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

**2. SEGMENTAL INFORMATION**

All turnover arises out of trading in the United Kingdom from a single class of business.

**3. INTEREST RECEIVABLE**

	<b>1997</b> <b>£</b>	<b>1996</b> <b>£</b>
From immediate parent company	<u>17,912</u>	<u>46,431</u>

## **MARKIM FUEL OILS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of tangible fixed assets	1,114	1,818
Auditors' remuneration – audit services	-	7,400
Operating lease rentals	<u>94,984</u>	<u>91,533</u>

Auditors' remuneration was borne by the company's parent undertaking for the year ended 30 June 1997.

#### **5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

No current taxation charge has been made for the year (1996-£nil) due to the availability of group loss relief, for which no payment will be made.

No provision is considered necessary for deferred taxation.

#### **6. DIRECTORS AND EMPLOYEES**

(a) No directors' emoluments or fees were paid during the year (1996 - nil).

(b) The average monthly number of employees during the year was 17 (1996 - 25).

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Wages and salaries	295,597	430,845
Social security costs	24,890	38,301
Other pension costs	<u>19,271</u>	<u>30,923</u>
	<u>339,758</u>	<u>500,069</u>

# MARKIM FUEL OILS LIMITED

## NOTES TO THE ACCOUNTS

### 7. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Plant, machinery, fixtures & fittings	Total
	£	£	£
Cost:			
At July 1, 1996	21,678	68,106	89,784
Disposal	(21,678)	-	(21,678)
At June 30, 1997	-	68,106	68,106
Depreciation			
At July 1996	12,099	68,106	80,205
Charge for the year	1,114	-	1,114
Disposal	(13,213)	-	(13,213)
At June 30, 1997	-	68,106	68,106
Net Book Value			
At July 1, 1996	9,579	-	9,579
At June 30, 1997	-	-	-

### 8. DEBTORS – amounts due within one year

	1997 £	1996 £
Trade debtors	1,588,338	1,323,858
Other debtors	-	7,103
Prepayments	-	15,549
	<u>1,588,338</u>	<u>1,346,510</u>

### 9. STOCK

Stocks consist of:

	1997 £	1996 £
Refined products	<u>39,830</u>	<u>104,779</u>

NOTES TO THE ACCOUNTS

10. CREDITORS - amounts due within one year.

	1997 £	1996 £
Trade creditors	4,864	137,948
Amount owed to immediate parent company	1,520,957	1,408,092
Other creditors	8,194	17,105
	<u>1,534,015</u>	<u>1,563,145</u>

11. CALLED-UP EQUITY SHARE CAPITAL

The authorised, issued and fully paid share capital at June 30, 1997 and June 30, 1996 was 100 ordinary shares of £1 each.

12. SHAREHOLDERS' FUNDS

	Equity Share Capital £	Share Premium Account £	Profit & Loss Account £	Total £
As at July 1, 1996	100	11,900	146,812	158,812
Profit for the year	-	-	314,376	314,376
As at 30 June, 1997	<u>100</u>	<u>11,900</u>	<u>461,188</u>	<u>473,188</u>

13. FINANCIAL COMMITMENTS

At June 30, 1997 the company had commitments under non-cancellable leases for land, buildings and equipment as set out below.

	Land & Buildings 1997 £	Other Operating Leases 1997 £	Land & Buildings 1996 £	Other Operating Leases 1996 £
Operating Leases which expire:-				
- within 1 year	-	11,000	-	15,000
- within 2-5 years	-	40,000	-	42,000
- after 5 years	44,000	-	44,000	-
	<u>44,000</u>	<u>51,000</u>	<u>44,000</u>	<u>57,000</u>

• **MARKIM FUEL OILS LIMITED**

**NOTES TO THE ACCOUNTS**

**14. PENSION COMMITMENTS**

The ultimate UK parent undertaking operates a funded defined benefit pension scheme in the UK, the assets of which are held in a separate trustee administered fund.

The total pension cost for the company was £19,271 (1996 - £30,923). The pension cost has been assessed in accordance with the advice of qualified actuaries using the projected unit method and assumptions as set out in the accounts of the ultimate UK parent undertaking of the company, Kuwait Petroleum (UK Holdings) Limited. At year end there was no prepayment or accrual (1996 - nil).

The most recent formal actuarial valuation of the scheme took place as at July 1, 1994.

**15. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available under Financial Reporting Standard 8 and has not disclosed details of transactions with other group undertakings as it is a wholly owned subsidiary of Kuwait Petroleum (UK Holdings) Limited, which prepares consolidated accounts which are publicly available.

**16. ULTIMATE PARENT COMPANY**

The ultimate parent company of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Kuwait Petroleum Corporation, which is incorporated in Kuwait, and the parent company of the smallest such group is Kuwait Petroleum (UK Holdings) Limited, registered in England and Wales. Copies of Kuwait Petroleum (UK Holdings) Limited's accounts are available to the public and may be obtained from 80, New Bond Street, London W1Y 9DA.