

Markim Fuel Oils Ltd

Report & Accounts

For the 9 months ended 31 March 2001

Registered number: 998387



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Markim Fuel Oils Ltd

DIRECTORS

Mr A I Behbehani
Mr R Exley
Mr J W Kitto
Mr C W K Pestrige

SECRETARY

Mrs A Thomson

AUDITORS

Arthur Andersen
180 Strand
London
WC2R 1BL

REGISTERED OFFICE

Burgan House
The Causeway
Staines
Middlesex
TW18 3PA

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Directors' report
For the 9 months ended 31 March 2001

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the 9 months ended 31 March 2001.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continues to be the distribution and marketing of petroleum products.

RESULTS AND DIVIDENDS

The audited accounts for the 9 months ended 31 March 2001 are set out on pages 6 to 12. The profit for the nine months amounted to £223,244 (for the year ended 30 June 2000 £6,153). The directors do not recommend the payment of a final dividend (2000 – £Nil). An interim dividend of £2,220 per share was paid (2000 – £9,825.57).

EMPLOYMENT POLICIES

The company is an equal opportunities employer, and provides facilities for the disabled where appropriate.

Emphasis is placed upon planning and implementing programmes to improve the position of the company with regards to health, safety and the environment.

DIRECTORS AND THEIR INTERESTS

The directors who served during the nine months were as follows:

Mr A I Behbehani	
Mr R Exley	(appointed July 1, 2000)
Mr J W Kitto	
Mr C W K Pestridge	(appointed July 1, 2000)

No director has, or has had during the period, or since the year end, any interests in the company, or any other group company, that is required to be disclosed under Schedule 7 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period that 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 a 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 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.

Directors' report (continued)
For the 9 months ended 31 March 2001

AUDITORS

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

Burgan House
The Causeway
Staines, Middx.
TW18 3PA

By order of the Board



A Thomson
Company Secretary

30 October 2001

Auditors' report

TO THE SHAREHOLDERS OF MARKIM FUEL OILS LTD

We have audited the accounts on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

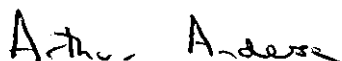
BASIS OF OPINION

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 circumstances of the company, 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 affairs of the company at 31 March 2001 and of the company's profit for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
180 Strand
London
WC2R 1BL

30 October 2001

Profit and Loss Account
For the 9 months ended 31 March 2001

		9 months to 31 March 2001	Year to 30 June 2000
	Notes	£	£
Turnover	2	4,798,155	6,143,320
Cost of sales		(3,967,593)	(5,087,177)
Gross profit		830,562	1,056,143
Distribution costs		(346,704)	(561,180)
Administrative costs		(260,614)	(488,810)
Profit on ordinary activities before taxation	3	223,244	6,153
Taxation on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation		223,244	6,153
Dividend paid	6	(222,000)	(982,557)
Retained profit / (loss) for the year	11	1,244	(976,404)

There are no recognised gains or losses in either period, other than the profit or loss for that period.

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

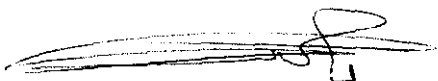
Balance Sheet
As at 31 March 2001

		31 March 2001	30 June 2000
	Notes	£	£
Current assets			
Stocks	7	66,981	59,806
Debtors due within one year	8	912,816	844,240
		<u>979,797</u>	<u>904,046</u>
Creditors			
Amounts falling due within one year	9	(824,305)	(749,798)
		<u>155,492</u>	<u>154,248</u>
Net assets			
Capital & reserves			
Called-up equity share capital	10	100	100
Share premium account	11	11,900	11,900
Profit and loss account	11	143,492	142,248
		<u>155,492</u>	<u>154,248</u>
Equity shareholders' funds	12		
		<u>155,492</u>	<u>154,248</u>

Signed on behalf of the board

Mr A I Behbehani

Director



30 October 2001

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

Notes to the accounts

1. Accounting policies

A summary of the company's principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, is set out below.

(a) Basis of accounting

These accounts are prepared under the historic cost convention, and in accordance with applicable accounting standards.

(b) Turnover

Turnover, which is stated net of value added tax and excise duty, represents amounts invoiced to third parties.

(c) Stocks

Refined petroleum products, including exchange balances in respect of stock loaned to or from other oil companies, are valued at the lower of cost and net realisable value.

(d) Taxation

Corporation tax payable is provided for on taxable profits at the current rate.

(e) Leasing and hire purchase contracts

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

(f) 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 to the profit and loss account over the estimated average remaining working life of the scheme members. Any differences between the charge to the profit and loss account and the contributions paid to the scheme are shown as an asset or liability in the balance sheet.

(g) Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (revised), the company has not prepared a cash flow statement because its ultimate parent company The Kuwait Petroleum Corporation, which is incorporated in Kuwait, has prepared consolidated accounts, which include the results of the company and which are publicly available.

2. Segmental Analysis

All turnover arises out of trading in the United Kingdom from a single class of business, the distribution and marketing of petroleum products.

Notes to the accounts (continued)

3. Profit on ordinary activities before taxation

This is stated after charging:

	9 months to 31 March 2001	Year to 30 June 2000
	£	£
Operating lease rentals – Land & buildings	21,206	31,584
– Plant and equipment	<u>81,540</u>	<u>133,223</u>

Auditors' remuneration was borne by the company's parent undertaking for the period ending 31 March 2001 and for the year ended 30 June 2000.

4. Directors and employees

No directors' emoluments or fees were payable in respect of the period (2000 – Nil).

Staff costs during the period amounted to:

	9 months to 31 March 2001	Year to 30 June 2000
	£	£
Wages and salaries	205,736	377,723
Social security costs	17,020	33,195
Other pension costs (see note 13)	13,574	20,416
	<u>236,330</u>	<u>431,334</u>

The average monthly number of employees including directors was:

	9 months to 31 March 2001	Year to 30 June 2000
Marketing	5	7
Distribution	8	12
	<u>13</u>	<u>19</u>

5. Taxation on profit on ordinary activities

No current taxation charge has been made for the period (2000 – £Nil) due to the availability of group loss relief, for which no payment will be made.

Notes to the accounts (continued)

6. Dividends

	9 months to 31 March 2001	Year to 30 June 2000
	£	£
Dividends on equity shares:		
Paid and proposed £2,220 per share (2000 – £9,825.57)	222,000	982,557

7. Stocks

	31 March 2001	30 June 2000
	£	£
Stocks consist of:		
Refined petroleum products	66,981	59,806

There is no material difference between the book value of stocks and their replacement cost.

8. Debtors – amounts due within one year

	31 March 2001	30 June 2000
	£	£
Trade debtors	912,816	844,240

9. Creditors – amounts falling due within one year

	31 March 2001	30 June 2000
	£	£
Amounts owed to immediate parent company	824,305	749,798

10. Equity share capital

	31 March 2001	30 June 2000
	£	£
Authorised, allotted, called-up and fully paid		
100 ordinary shares of £1 each	100	100

Notes to the accounts (continued)

11. Reserves

	Share premium account	Profit and loss account	Total
	£	£	£
As at 1 July 2000	11,900	142,248	154,148
Profit for the period	-	223,244	223,244
Dividend	-	(222,000)	(222,000)
As at 31 March 2001	<u>11,900</u>	<u>143,492</u>	<u>155,392</u>

12. Reconciliation of movements in shareholders' funds

	31 March 2001	30 June 2000
	£	£
Profit for the period	223,244	6,153
Dividends paid and proposed	(222,000)	(982,557)
Net additions/(reduction) to shareholders' funds	<u>1,244</u>	<u>(976,404)</u>
Opening shareholders' funds	154,248	1,130,652
Closing shareholders' funds	<u>155,492</u>	<u>154,248</u>

13. Pension commitments

The group headed by Kuwait Petroleum (U.K. Holdings) Ltd 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 £13,574 (2000 - £20,416). 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 company's intermediate parent undertaking, Kuwait Petroleum (U.K. Holdings) Limited. At the end of the period there was no accrual or prepayment (2000 - £Nil).

The most recent formal actuarial valuation of the scheme took place on 1 July 2000.

Notes to the accounts (continued)

14. Financial commitments

The company has annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	31 March 2001		30 June 2000	
Expiry date:	£	£	£	£
- within one year	-	2,287	-	7,406
- between two and five years	-	13,028	-	125,817
- after five years	21,206	66,225	31,584	-
	<u>21,206</u>	<u>81,540</u>	<u>31,584</u>	<u>133,223</u>

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 The Kuwait Petroleum Corporation, which prepares consolidated accounts which are publicly available.

16. Ultimate parent company

The company is a wholly owned subsidiary of Kuwait Petroleum (G.B.) Limited, registered in England and Wales. The ultimate parent company is The Kuwait Petroleum Corporation, which is incorporated in Kuwait.

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 The Kuwait Petroleum Corporation. The parent company of the smallest such group is Kuwait Petroleum (U.K. Holdings) Limited.

Copies of Kuwait Petroleum (G.B.) Limited's and Kuwait Petroleum (U.K. Holdings) Limited's accounts are available to the public and may be obtained from Burgan House, The Causeway, Staines, Middx. TW18 3PA.