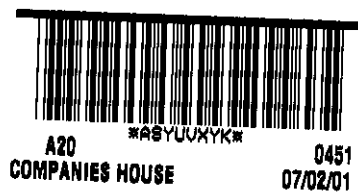




MARKIM FUEL OILS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR TO JUNE 30, 2000



**MARKIM FUEL OILS LIMITED**

**DIRECTORS**

Mr R Exley  
Mr C Pestridge  
Mr A Behbehani  
Mr J Kitto

**SECRETARY**

Mrs A Thomson

**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, 2000.

### **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 then 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 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 £6,153 (1998 - £298,839). The directors do not recommend the payment of a final dividend (1999 - nil). An interim dividend of 9,825.57p per share was paid on March 1, 2000.

## **MARKIM FUEL OILS LIMITED**

### **DIRECTORS' REPORT**

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

Mr S Dron (resigned June 30, 2000)  
Mr A Westmoreland (resigned June 30, 2000)  
Mr J Kitto  
Mr A Behbehani

The following directors were appointed after the year ended June 30, 2000

Mr R Exley (appointed July 1, 2000)  
Mr C Pestridge (appointed July 1, 2000)

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



A Thomson  
Secretary

December 1, 2000

## **MARKIM FUEL OILS LIMITED**

### **AUDITORS' REPORT**

#### **To the Shareholders of Markim Fuel Oils Limited**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### **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.

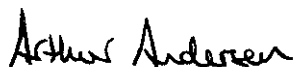
#### **Basis of opinion**

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, 2000 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

December 1, 2000

**MARKIM FUEL OILS LIMITED****PROFIT AND LOSS ACCOUNT for the year ended June 30, 2000**

	<u>Notes</u>	<b>2000</b> £	<b>1999</b> £
<b>TURNOVER</b>	2	6,143,320	4,723,599
Cost of sales		(5,087,177)	(3,416,819)
<b>GROSS PROFIT</b>		<u>1,056,143</u>	<u>1,306,780</u>
Distribution costs		(561,180)	(600,787)
Administrative expenses		(488,810)	(407,154)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<u>6,153</u>	<u>298,839</u>
Taxation on profit on ordinary activities	4	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>6,153</u>	<u>298,839</u>
Dividend paid and proposed	6	(982,557)	-
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		<u>(976,404)</u>	<u>298,839</u>

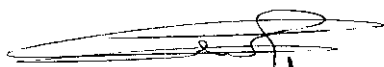
There are no recognised gains or losses in either year other than the profit for each year.

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

**MARKIM FUEL OILS LIMITED****BALANCE SHEET at June 30, 2000**

	<b><u>Notes</u></b>	<b>2000 £</b>	<b>1999 £</b>
<b>CURRENT ASSETS</b>			
Stocks	7	59,806	78,743
Debtors - due within one year	8	844,240	1,096,696
		<u>904,046</u>	<u>1,175,439</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	(749,798)	(44,787)
		<u>154,248</u>	<u>1,130,652</u>
<b>NET CURRENT ASSETS</b>			
		<u>154,248</u>	<u>1,130,652</u>
<b>NET ASSETS</b>			
		<u>154,248</u>	<u>1,130,652</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10,11	100	100
Share premium account	11	11,900	11,900
Profit and loss account	11	142,248	1,118,652
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>154,248</u>	<u>1,130,652</u>

The accounts on pages 5 to 11 were approved by the board of directors and signed on its behalf by:



A Behbehani  
Director

December 1, 2000

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 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 ) Stocks

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

( d ) 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.

( e ) Cash flow statement

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

( 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 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.

( g ) Operating leases

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



## **MARKIM FUEL OILS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **2. SEGMENTAL INFORMATION**

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

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

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Staff Costs	431,334	445,831
Operating lease rentals	<u>133,223</u>	<u>96,609</u>

Auditors' remuneration was borne by the company's parent undertaking for the year ended 30 June, 2000 and for the year ended 30 June, 1999.

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

No current taxation charge has been made for the year (1999 - £nil) due to the availability of group loss relief, for which no payment will be made.

No provision is considered necessary for deferred taxation.

#### **5. DIRECTORS AND EMPLOYEES**

- ( a ) No directors' emoluments or fees were paid during the year (1999 - nil).
- ( b ) The average monthly number of employees during the year was 19 (1999 - 24).

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Wages and salaries	377,723	388,029
Social security costs	33,195	32,241
Other pension costs	20,416	25,561
	<u>431,334</u>	<u>445,831</u>

#### **6. DIVIDEND**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Equity Shares:		
Interim dividend paid and proposed of 9825.57p per share	<u>982,557</u>	<u>-</u>

## **MARKIM FUEL OILS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **7. STOCK**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Stock consists of:		
Refined products	<u>59,806</u>	<u>78,743</u>

#### **8. DEBTORS - amounts due within one year**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	<u>844,240</u>	<u>1,171,088</u>
	<u>844,240</u>	<u>1,171,088</u>

#### **9. CREDITORS - amounts due within one year**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Amount owed to immediate parent company	<u>749,798</u>	<u>44,787</u>
	<u>749,798</u>	<u>44,787</u>

The debts of the company have been assumed by the immediate parent company and accordingly are incorporated within the inter-company account above and not shown as due to third parties.

#### **10. CALLED-UP EQUITY SHARE CAPITAL**

The authorised, issued and fully paid share capital at June 30, 2000 and June 30, 1999 was 100 ordinary shares of £1 each.

#### **11. SHAREHOLDERS' FUNDS**

	<b>Equity Share Capital</b>	<b>Share Premium Account</b>	<b>Profit &amp; Loss Account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at July 1, 1998	100	11,900	1,118,652	1,130,652
Profit for the year	-	-	(976,404)	(976,404)
As at June 30, 1999	<u>100</u>	<u>11,900</u>	<u>142,248</u>	<u>154,248</u>

## **MARKIM FUEL OILS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **12. FINANCIAL COMMITMENTS**

	<b>Land &amp; Buildings</b>	<b>Other Operating Leases</b>	<b>Land &amp; Buildings</b>	<b>Other Operating Leases</b>
	<b>2000</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases will expire:				
- within 1 year	-	7,406	18,750	44,806
- within 2-5 years	-	125,817	-	19,736
- after 5 years	31,584	-	13,500	32,067
	<u>31,584</u>	<u>133,223</u>	<u>32,250</u>	<u>96,609</u>

#### **13. PENSION COMMITMENTS**

The 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 £20,416 (1999 - £25,561). 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 a parent undertaking of the company, Kuwait Petroleum (UK Holdings) Limited. At year end there was no prepayment or accrual (1999 - nil).

The most recent formal actuarial valuation of the scheme took place as at July 1, 1997.

#### **14. 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.

#### **15. 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.