

Righthalt Limited

Directors' report and financial statements

31 December 1994

Registered number 2025285



Righthalt Limited

Directors' report and financial statements

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Righthalt Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activity and business review

The company operated a bonded bulk oil terminal at Falmouth in support of a 24 hour bunkering service to marine vessels of all sizes. A full range of bunker fuels was stocked including heavy fuel oil, intermediate fuel oil, marine diesel oil and gas oil. As part of the all inclusive service to vessels calling at Falmouth the company also operated a maritime agency. On 29 July 1994 the trade and related assets of the company were acquired by Falmouth Oil Services (1994) Limited.

The company changed its name to Righthalt Limited from Falmouth Oil Services Limited on 18 January 1996.

The company is now a holding company for the Righthalt Limited group of companies. On 17 May 1996 the company purchased a property from a subsidiary undertaking and this and another property were subsequently sold.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Results and dividends

The results for the year are shown on page 6 to the financial statements.

The directors do not recommend the payment of a dividend.

Ultimate holding company

The company's ultimate holding company throughout the year was Venezolanos Holdings SA.

Directors and their interests

The directors of the company during the year were as follows:

PJ de Savary
CJ Walters
RB Linfield
M Lock (resigned 29 September 1995)

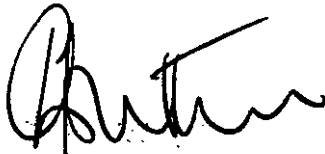
Righthalt Limited

Directors' report *(continued)*

Auditors

On 31 December 1994 the Truro office of KPMG Peat Marwick was acquired by the resident partners, who established the new firm of Robinson Reed Layton. In consequence, KPMG Peat Marwick resigned as auditors of the company with effect from that date and Robinson Reed Layton were appointed in their place.

By order of the board



Director
CJ Walters

The Docks
FALMOUTH
Cornwall

06 August 1996

Righthalt Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors' report to the members of Righthalt Limited

We have audited the financial statements on pages 6 to 17.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

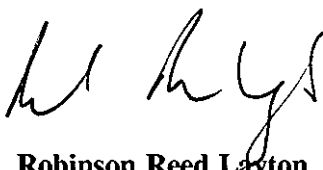
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robinson Reed Layton
Chartered Accountants
Registered Auditors

9 August 1996

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Auditors' report to the directors of Righthalt Limited pursuant to Section 248 of the Companies Act 1985

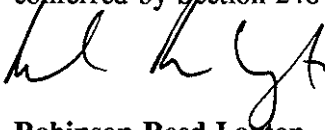
We have examined the financial statements of the company and of each of its subsidiary undertakings for the year ended 31 December 1994.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.



Robinson Reed Layton
Chartered Accountants
Registered Auditors

9 August 1996

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Righthalt Limited

Profit and loss account for the year ended 31 December 1994

	Notes	£	1994 £	£	1993 £
Turnover	1,2		744,218		1,318,017
Cost of sales			(467,656)		(779,476)
			<hr/>		<hr/>
Gross profit			276,562		538,541
Administrative expenses		(341,693)		(488,469)	
Administrative expenses (net)					
- exceptional	6	(43,966)		(1,857,522)	
		<hr/>		<hr/>	
			(385,659)		(2,345,991)
			<hr/>		<hr/>
Operating loss			(109,097)		(1,807,450)
Interest receivable			408		832
Interest payable and similar charges	3		(120,755)		(88,719)
Amounts written off investments			-		(20,002)
			<hr/>		<hr/>
Loss on ordinary activities before taxation	4		(229,444)		(1,915,339)
Tax on loss on ordinary activities	7		157		(27,869)
			<hr/>		<hr/>
Loss for the financial year			(229,287)		(1,943,208)
Accumulated deficit brought forward			(2,763,108)		(819,900)
			<hr/>		<hr/>
Accumulated deficit carried forward			(2,992,395)		(2,763,108)
			<hr/>		<hr/>

All the company's operations were discontinued during 1994.

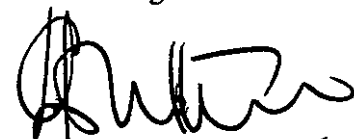
There are no recognised gains or losses in either 1994 or 1993 other than the loss for these years.

Righthalt Limited

Balance Sheet at 31 December 1994

	Notes	1994 £	1993 £
Fixed assets			
Investments	8	-	-
Tangible fixed assets	9	1	1
		<u>1</u>	<u>1</u>
Current assets			
Assets held for resale	10	35,075	1,716,518
Debtors	11	237,363	767,296
Cash at bank and in hand		6,779	81,117
		<u>279,217</u>	<u>2,564,931</u>
Creditors: amounts falling due within one year	12	<u>(507,883)</u>	<u>(2,564,310)</u>
Net current (liabilities)/assets		<u>(228,666)</u>	<u>621</u>
Net (liabilities)/assets		<u>(228,665)</u>	<u>622</u>
Capital and reserves			
Called up share capital	13	2,013,731	2,013,731
Share premium account		749,999	749,999
Profit and loss account		<u>(2,992,395)</u>	<u>(2,763,108)</u>
Shareholders' funds	17	<u>(228,665)</u>	<u>622</u>

These financial statements were approved by the board of directors on 6 August 1996 and were signed on its behalf by:



Director

CJ Walters

Righthalt Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

The accounts for the period to 31 December 1993 and 1994 were not drawn up on a going concern basis as at the date of signing it was anticipated that all the long leasehold property would be included in the sale purchase agreement drawn up between the Righthalt Limited group of companies and Falmouth Oil Services (1994) Limited. Two buildings were retained within the company, one of which has been sold subsequently. The comparative figures for 31 December 1993 have been restated in these accounts to include a nominal value for the property within fixed assets.

Basis of consolidation

The investment in subsidiary companies is included in the balance sheet at cost less amounts written off to reduce the cost to the net asset value of the subsidiaries where the net asset value is less than the cost of the investment.

Participating interests are included in the balance sheet at the cost of investment less amounts written off to reduce the cost of the company's share to the net asset value of that associated undertaking.

The company is exempt by virtue of S.248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover consists of charges made (excluding Value Added Tax) to Falmouth Oil Limited (a wholly owned subsidiary of the company) in respect of bunkering services provided and income attributable to the Agency service provided by the company to vessels docking in Falmouth.

Righthalt Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges to the profit and loss account and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Righthalt Limited

Notes (continued)

2 Segmental information

All turnover, which consists of charges made to Falmouth Oil Limited and Agency services to vessels, is generated within the United Kingdom. The only activity of the company is to provide a bulk oil storage and sale facility.

	1994 £	1993 £
Inter-group charge	502,000	860,000
Agency services	242,218	458,017
	<hr/> 744,218	<hr/> 1,318,017

3 Interest payable and similar charges

	1994 £	1993 £
On bank loans and overdrafts, and other loans		
- repayable within five years, not by instalments	120,755	88,719
	<hr/>	<hr/>

Included in the above is the interest element of charges payable under finance leases amounting to £510 (1993: £766).

Including in the above is £89,966 (1993: £57,491) interest payable on the loan from Venezolanos Holdings SA (note 12).

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1994 £	1993 £
Depreciation of tangible fixed assets		
- owned	-	85,917
- held under finance leases	-	3,984
Auditors' remuneration	1,500	2,500
	<hr/>	<hr/>

Righthalt Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including the directors) during the year was as follows:

	1994	1993
Administration	7	7
Sales	2	2
Distribution	18	17
	<hr/>	<hr/>
	27	26
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1994 £	1993 £
Wages and salaries	270,166	460,125
Social security costs	23,171	42,434
Other pension costs	9,109	17,082
	<hr/>	<hr/>
	302,446	519,641
	<hr/>	<hr/>

Directors' remuneration:

Directors' remuneration was paid in respect of directors of the company as follows:

	1994 £	1993 £
Emoluments	38,666	60,317
	<hr/>	<hr/>

The directors' remuneration shown above (excluding pension contributions) included:

	Nil	Nil
Chairman	<hr/>	<hr/>
Highest paid director	37,266	28,257
	<hr/>	<hr/>

Righthalt Limited

Notes (continued)

5 Staff numbers and costs (continued)

Directors received emoluments (excluding pension contributions) in the following ranges:

	1994	1993
NIL	3	2
£10,001 - £15,000	-	-
£15,001 - £20,000	-	-
£25,001 - £30,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
	<hr/>	<hr/>

6 Exceptional charges/(credits)

	1994 £	1993 £
Placeton debts written off (see below)	-	33,886
Placeton bank guarantee called in	-	43,698
Provision against inter group debts (see below)	-	2,133,799
Surplus on sale of assets held for resale	(305,533)	(353,861)
Write off of bank borrowing in reaching agreed settlement	(128,805)	-
Loan fees levied by ultimate holding company	460,000	-
Payment of subsidiaries' debt	18,304	-
	<hr/>	<hr/>
	43,966	1,857,522
	<hr/>	<hr/>

Provision has been made to reduce intergroup debts to their recoverable amounts following cessation of trade in those companies.

7 Taxation

	1994 £	1993 £
UK corporation tax at 25%	-	-
Group relief surrendered	157	-
Irrecoverable group relief in respect of earlier year	-	(27,869)
	<hr/>	<hr/>
	157	(27,869)
	<hr/>	<hr/>

Righthalt Limited

Notes (continued)

8 Fixed asset investments

	Shares in subsidiary undertakings £	Participating interests £
<i>Shares</i>		
Cost or valuation at beginning and end of year	20,002	1
	<hr/>	<hr/>
<i>Provisions</i>		
At beginning and end of year	(20,002)	(1)
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 1994	-	-
	<hr/>	<hr/>
At 31 December 1993	-	-
	<hr/>	<hr/>

The company holds equity interests in the following companies which are incorporated in Great Britain and registered in England and Wales

	Principal activity	Ordinary share capital	
		1994	1993
Falmouth Oil Limited	Provision of bunkering services	100%	100%
Falmouth Tankers Limited	Coastal tanker operator	100%	100%
Falmouth Diesel Supplies Limited	Provision of bunkering services	100%	100%
Dealbit Limited	Property rental	100%	100%
BPG Projects (S.W.) Limited	Electrical Engineering Fabrication	20%	20%

Financial and other information in respect of subsidiary undertakings at 31 December 1994

	Aggregate amount of capital and reserves £	Profit/(loss) for year £
Falmouth Oil Limited	(1,956,559)	22,241
Falmouth Tankers Limited	(39,663)	105,336
Falmouth Diesel Supplies Limited	(3,533)	(878)
Dealbit Limited	32,486	87,527
	<hr/>	<hr/>

9 Tangible fixed assets

	31 December 1994 £	31 December 1993 £
Long leasehold property	1	1
	<hr/>	<hr/>

Righthalt Limited

Notes (continued)

10 Assets held for resale

	1994 £	1993 £
Lease and tank farm facilities	-	1,716,518
Long term leasehold property	35,075	-
	<hr/>	<hr/>

The above assets are shown at their value per the sale agreement as adjusted.

	£
Value per sale agreement with Falmouth Oil Services (1994) Limited less additions to date of sale	1,530,976
Net proceeds from sale of land and property retained by the company	491,075
	<hr/>
Net book value	2,022,051 (1,362,657)
	<hr/>
Surplus on sale	659,394
Less surplus recognised in 1993 accounts	(353,861)
	<hr/>
Surplus on sale shown as exceptional item	305,533
	<hr/>

11 Debtors

	1994 £	1993 £
Amounts falling due within one year:		
Trade debtors	6,680	56,878
Amounts owed by subsidiary undertakings	-	626,809
Other debtors	230,683	39,493
Prepayments and accrued income	-	44,116
	<hr/>	<hr/>
	237,363	767,296
	<hr/>	<hr/>

Righthalt Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank loan (unsecured)	91,885	71,678
Bank overdrafts (unsecured)	160,000	260,953
Obligations under finance leases and hire purchase contracts	-	5,268
Trade creditors	23,397	174,983
Amounts owed to subsidiaries	146,157	-
Loan from parent company (secured)	-	1,830,000
Corporation tax	-	-
Other creditors including tax and social security	82,317	-
Accruals and deferred income	4,127	221,427
	<u>507,883</u>	<u>2,564,309</u>

Interest was payable on the loan from the parent company, at 10% p.a. The loan was secured by fixed and floating charges over company's and subsidiaries' assets. This loan was due for repayment on 31 December 1993 and was subsequently repaid on 29 July 1994.

13 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
"A" ordinary shares of £1 each	19,500	19,500
"B" ordinary shares of £1 each	10,500	10,500
Non-participating, non-voting deferred shares of 25p each	1,983,732	1,983,732
	<u>2,013,732</u>	<u>2,013,732</u>
<i>Allotted, called up and fully paid</i>		
"A" ordinary shares of £1 each	19,500	19,500
"B" ordinary shares of £1 each	10,500	10,500
Non-participating, non-voting deferred shares of 25p each	1,983,731	1,983,731
	<u>2,013,731</u>	<u>2,013,731</u>

14 Ultimate holding company

The ultimate holding company throughout the period was Venezolanos Holdings SA a company incorporated in the Bahamas.

Righthalt Limited

Notes (continued)

15 Guarantees in favour of other undertakings in the same group

A floating charge was in place over assets within the Righthalt Limited Group of companies. The charge secured the indebtedness of Righthalt Limited with Venezolanos Holdings SA. This charge was released on 27 July 1994.

A right of set off was granted to Lloyds's Bank on 27 November 1989 covering companies within the Placeton group. This right of set off was exercised on 3 May 1994.

The company had also guaranteed the debts of its subsidiary undertakings with Guarantee Trust Bank. This debt was settled on 17 May 1996.

16 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Loss for the financial year	(229,287)	(1,943,208)
New share capital subscribed	-	1,733,732
Opening shareholders' funds	622	210,098
Closing shareholders' funds	(228,665)	622

17 Shareholders' funds

	1994 £	1993 £
Equity interests	(2,212,396)	(1,983,109)
Non-equity interests	1,983,731	1,983,731
	(228,665)	622

Holders of deferred shares have no voting rights or rights to dividends. They rank immediately after ordinary shareholders in the event of winding up.

18 Related party transaction

During the period the company transacted with Falmouth Oil Services (1994) Limited. These companies share CJ Walters, PJ De Savary and RB Linfield as common directors. Consideration of £2,000,000 was paid to the Righthalt Limited group for the purchase of its assets and trade.

All transactions were entered into on normal commercial terms.

Righthalt Limited

Notes *(continued)*

19 Post balance sheet events

On 17 May 1996 the company purchased a property from Dealbit Limited, a subsidiary undertaking, for £210,000. This property and the property shown in the accounts under the heading asset held for resale were subsequently sold for £245,075.