

# **Falmouth Oil Services Limited**

## **Directors' report and financial statements**

**For the year ended 31 December 2008**

Company registration number 2856486

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# Falmouth Oil Services Limited

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# Falmouth Oil Services Limited

## Officers and professional advisers

<b>Directors:</b>	CJ Walters Mr RD Kemp
<b>Company secretary:</b>	DK Hines-Randle
<b>Registered office:</b>	The Docks FALMOUTH Cornwall TR11 4NR
<b>Auditors:</b>	Robinson Reed Layton Peat House Newham Road TRURO Cornwall TR1 2DP
<b>Bankers:</b>	National Westminster 15 High Street BATH

# Falmouth Oil Services Limited

## Directors' report

*For the year ended 31 December 2008*

The directors present their annual report and financial statements for the year ended 31 December 2008.

### Principal activities

The principal activities of the company during the year continued to be the provision of bunkering services to marine vessels through the operation of a bonded oil terminal at Falmouth, supply of marine fuel to vessels at Falmouth and other locations within the UK and Republic of Ireland as well as supply of bulk fuel to oil distributors in Cornwall. The company also operates a maritime agency and a fully licensed slop reception facility, as part of an all inclusive service to vessels calling at Falmouth and is also a supplier of marine and engineering maintenance services.

### Business review

2008 was the first year of operation with the new Sulphur Emission Control Area ("SECA") regulations in force and the impact of this legislation is reflected in the volume of oil delivered to the bunker market.

With all shipping operating in European waters, within 5 degrees West, now being required to use fuel with a sulphur content of 1.5% by mass, or alternatively have an approved exhaust gas cleaning system, Falmouth, by virtue of being only a few hundred metres outside this zone, has a tremendous natural advantage.

During 2008 almost 475,000 tons of bunker fuel was delivered, which not only exceeded our original budget expectations but also represents a notable improvement over previous years – deliveries in 2007, for example, reached just over 316,000 tons.

The oil market remained volatile with prices at unprecedented levels for most of the year and this, together with the uplift in our delivered volumes, saw a substantial increase in turnover for 2008.

The company was able to maintain lines of credit with suppliers by making appropriate arrangements in the form of guarantees, etc, although there was an impact upon our financial costs as a result, which saw interest payable reaching almost £195,000, with other finance costs reaching almost £274,000.

This level of costs has affected our overall profitability and, despite the increase in turnover and volumes, our profits before tax have actually decreased a little over our 2007 results.

Waste oil and slops operations continued to produce good results during the year with our net income from both sources well in excess of our forecast.

Our engineering division remained part of our business throughout 2008, recording a loss of just under £120,000. It remains one of our objectives to make this division of the business self sufficient and move it into its own, separate company, probably during 2009.

Tamlyn Shipping, our in-house Agency division, also saw the benefit of the increased level of shipping visiting the port and saw profits rise to over £77,000 during 2008, more than double our original forecast.

The company continues to strengthen its Balance Sheet and shareholders funds now stand at £2,520,651, representing a healthy increase over the position at the end of 2007.

# Falmouth Oil Services Limited

## Directors' report

*For the year ended 31 December 2008*

### **Future Developments**

Over the next few years the business faces some exciting challenges, with fairly high levels of Capital Expenditure and re-investment in the business to provide for a major refurbishment of our Terminal at Falmouth. We believe that this will be beneficial, not only to our business, but also to the local Cornish economy, and will provide us with a modern facility which should last over 20 years or more.

The considerable uplift in marine volumes and associated profitability will go some way towards enabling the business to obtain the necessary funding for this refurbishment program and the Board of Directors are confident that this ambitious project will be successful.

In the early part of 2009 we temporarily ceased our low flash slop reception operations in order to carry out a complete review of this aspect of our business as well as considering the future facilities required in order to provide an efficient and cost effective solution in the years to come.

Our conventional slop reception operations are continuing as normal in the meantime and we continue to receive oily water slops and waste oil from both marine and non-marine related sources.

There is some evidence of a temporary downturn in shipping activity world-wide although Falmouth has the benefit of good lay-up facilities, particularly in the River Fal, and we have seen more vessels using this service during the early part of 2009.

In order to service this changing market we have re-arranged our local barging operations, bringing the smaller 'Falmouth Industry' back into service. This vessel is able to provide both gasoil and fresh water to vessels in Falmouth or laid up in the River Fal, while the original barge is still able to undertake conventional slop reception work and fuel oil deliveries as required.

The business continues to look at markets further afield and our sales, particularly in the Republic of Ireland, are very encouraging.

With the advantages provided by our location, close to some of the busiest shipping lanes in the world and with the largest, deepest natural harbour in the northern hemisphere, and with a full range of services available, from the provision of bunkers through to slop reception, availability of fresh water, repair services, etc the port remains attractive to ship-owners. As such the potential to generate good levels of income in the future remains excellent.

The Board consider the prospects of the business to be very good.

### **Results and dividends**

The results for the year are shown on page 8.

The directors have not recommended the payment of a dividend (2007: £Nil).

# Falmouth Oil Services Limited

## Directors' report

*For the year ended 31 December 2008*

### Directors

The directors who served the company during the year were as follows:

CJ Walters  
Mr RD Kemp

### Fixed assets

In the opinion of the directors, there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in notes 10 and 11.

### Auditors

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 are also responsible for safeguarding the assets of the company and taking reasonable steps to prevent and detect fraud and other irregularities.

# Falmouth Oil Services Limited

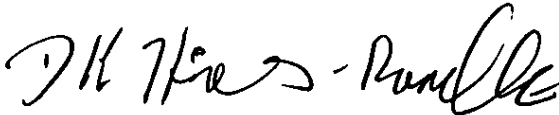
## Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

Falmouth Oil Services Limited  
The Docks  
FALMOUTH  
Cornwall  
TR11 4NR



*Company Secretary* - DK Hines-Randle

26 August 2009

# Falmouth Oil Services Limited

## Independent auditors' report to the shareholder of Falmouth Oil Services Limited

We have audited the financial statements on pages 8 to 25 for the year ended 31 December 2008. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out herein.

This report is made solely to the company's shareholder, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of directors and auditors*

The directors' responsibilities for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.



# Falmouth Oil Services Limited

## Independent auditors' report to the shareholder of Falmouth Oil Services Limited

### *Opinion*

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



**Robinson Reed Layton**  
*Chartered Accountants*  
*Registered Auditors*

Peat House  
Newham Road  
TRURO  
TR1 2DP

27 August 2009

# Falmouth Oil Services Limited

## Profit and loss account

For the year ended 31 December 2008

	Notes	2008 £	2007 £
<b>Turnover</b>	2	<b>25,747,479</b>	15,113,044
Cost of sales		<b>(23,833,565)</b>	(13,434,679)
<b>Gross profit</b>		<b>1,913,914</b>	1,678,365
Administrative expenses		<b>(1,810,559)</b>	(1,475,169)
Other operating income	3	<b>91,622</b>	66,980
<b>Operating profit</b>	4	<b>194,977</b>	270,176
Interest receivable		<b>704</b>	968
Interest payable	7	<b>(194,466)</b>	(178,647)
<b>Profit on ordinary activities before taxation</b>		<b>1,215</b>	92,497
Tax on profit on ordinary activities	8	-	-
<b>Profit on ordinary activities after taxation and profit for the financial year</b>	23	<b>1,215</b>	92,497

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# Falmouth Oil Services Limited

## Statement of total recognised gains and losses

*For the year ended 31 December 2008*

	2008 £	2007 £
<b>Profit for the financial year</b>	<b>1,215</b>	<b>92,497</b>
Unrealised surplus on revaluation of current asset investments	<b>525,000</b>	-
<b>Total recognised gains and losses relating to the year</b>	<b>526,215</b>	<b>92,497</b>

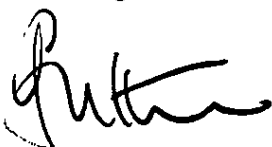
# Falmouth Oil Services Limited

## Balance sheet

As at 31 December 2008

	Notes	£	2008 £	£	2007 £
<b>Fixed assets</b>					
Intangible assets	9		18,450		-
Tangible assets	10 & 11		5,625,731		5,473,552
Investments	12		10,105		10,105
			<hr/>		<hr/>
			5,654,286		5,483,657
<b>Current assets</b>					
Stocks	13	146,817		165,867	
Debtors	14	3,907,629		4,008,501	
Current asset investments	15	600,000		-	
Cash at bank		411,922		269,134	
			<hr/>	<hr/>	
			5,066,368	4,443,502	
<b>Creditors: amounts falling due within one year</b>	16	(6,506,201)		(5,685,982)	
			<hr/>	<hr/>	
<b>Net current liabilities</b>			(1,439,833)		(1,242,480)
			<hr/>	<hr/>	
<b>Total assets less current liabilities</b>			4,214,453		4,241,177
<b>Creditors: amounts falling due after more than one year</b>	17		(1,693,802)		(2,246,741)
			<hr/>	<hr/>	
<b>Net assets</b>			2,520,651		1,994,436
			<hr/>	<hr/>	
<b>Capital and reserves</b>					
Share capital	22		1,000,000		1,000,000
Profit and loss account	23		830,287		829,072
Revaluation reserves	23		690,364		165,364
			<hr/>	<hr/>	
<b>Equity shareholder's funds</b>	24		2,520,651		1,994,436
			<hr/>	<hr/>	

These financial statements were approved by the Board of directors on 26 August 2009 and were signed on its behalf by:



Director - CJ Walters

# Falmouth Oil Services Limited

## Cash flow statement

For the year ended 31 December 2008

	Notes	£	2008 £	£	2007 £
<b>Net cash inflow/(outflow) from operating activities</b>	25		<b>723,710</b>		<b>(81,596)</b>
<b>Returns on investments and servicing of finance</b>					
Interest received		704		968	
Interest paid		(144,089)		(124,513)	
Interest element of hire purchase payments		(50,377)		(54,134)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(193,762)</b>		<b>(177,679)</b>
<b>Taxation</b>					
Corporation tax paid		-		-	
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(631,815)		(397,606)	
Receipts from sales of tangible fixed assets		-		25,000	
Payments to acquire intangible fixed assets		(20,500)		-	
<b>Net cash outflow from capital expenditure</b>			<b>(652,315)</b>		<b>(372,606)</b>
<b>Equity dividends paid</b>			-		-
<b>Cash outflow before financing</b>			<b>(122,367)</b>		<b>(631,881)</b>
<b>Financing</b>					
New loans		-		200,000	
Repayment of bank loans		(95,229)		(252,988)	
Capital element of hire purchase payments		(184,709)		(223,798)	
<b>Net cash outflow from financing</b>			<b>(279,938)</b>		<b>(276,786)</b>
<b>Decrease in cash in the year</b>	26		<b>(402,305)</b>		<b>(908,667)</b>

# Falmouth Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets.

#### 1.2 Consolidation

The company is exempt under s248 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.

#### 1.3 Turnover

Turnover represents revenue recognised in the accounts. Revenue is recognised when the company fulfils its contractual obligations to customers by supplying goods and services and excludes trade discounts and value added tax.

#### 1.4 Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Long leasehold property	5-50 years on cost
Short leasehold property	10 years on cost
Plant and machinery	Between 4 and 50 years on cost
Barges	10 years on cost

Freehold and leasehold land is not depreciated.

Capital expenditure funded from grants received is capitalised. The amount capitalised is then reduced by the amount of the grant received. The directors consider that this treatment, although not in accordance with Financial Reporting Standard 15 'Tangible Fixed Assets', reflects a more true and fair disclosure of the transaction.

#### 1.5 Goodwill

Acquired goodwill is written off over its estimated useful economic life.

#### 1.6 Intellectual property rights

Intellectual property rights are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

#### 1.7 Investments

Current asset investments are stated at the lower of cost and net realisable value. Property held for resale is valued at current cost under the alternative accounting rules.

#### 1.8 Stocks

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

#### 1.9 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

# Falmouth Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 1.10 *Hire purchase agreements*

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### 1.11 *Operating lease agreements*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### 1.12 *Pension costs*

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charged to the profit and loss account represent the contributions payable by the company in respect of the accounting year.

### 1.13 *Deferred taxation*

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

### 1.14 *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. Gains and losses on translation are included in the profit and loss account.

### 1.15 *Investment Properties*

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually by the directors on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### 1.16 *Joint arrangements*

The company has certain contractual agreements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The company includes its share of assets, liabilities and cashflows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the company's interest in the joint arrangement.

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

The analysis of turnover by location is as follows:

	2008 £	2007 £
United Kingdom	19,317,617	11,906,301
Europe	6,429,862	3,206,743
	<u>25,747,479</u>	<u>15,113,044</u>

### 3 Other operating income

	2008 £	2007 £
Rent receivable	61,354	61,215
Other operating income	30,268	5,765
	<u>91,622</u>	<u>66,980</u>

### 4 Operating profit

	2008 £	2007 £
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation	419,071	375,271
Amortisation	2,050	-
Profit on disposal of fixed assets	-	(7,177)
Auditors' remuneration - as auditors	13,860	13,296
Hire of plant and equipment	9,750	6,815
Rental of other assets	53,066	37,542
Foreign exchange losses	107,126	29,529
	<u></u>	<u></u>

The company has not disclosed fees payable to the auditor for other (non-audit) services because the consolidated accounts of the company's parent are required to disclose other (non-audit) services on a consolidated basis.



# Falmouth Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 5 Particulars of employees

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

	2008 No	2007 No
Distribution staff	34	33
Administration staff	12	9
Sales staff	3	5
	<hr/>	<hr/>
	49	47
	<hr/>	<hr/>

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	1,080,086	958,538
Social security costs	101,572	91,950
Other pension costs	9,059	9,212
	<hr/>	<hr/>
	1,190,717	1,059,700
	<hr/>	<hr/>

### 6 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008 £	2007 £
Emoluments receivable	12,000	12,000
	<hr/>	<hr/>

Retirement benefits are accruing to one (2007: one) director under defined contribution pension schemes.

### 7 Interest payable

	2008 £	2007 £
On bank loans and overdrafts	100,202	84,848
On other loans	24,060	24,059
Hire purchase finance charges	50,377	54,134
Other	19,827	15,606
	<hr/>	<hr/>
	194,466	178,647
	<hr/>	<hr/>

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 8 Taxation

	2008 £	2007 £
<b>Current year tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	-	-
	<hr/>	<hr/>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	1,215	92,497
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2007: 19.75%)	252	18,268
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	4,649	7,731
Depreciation	86,997	72,699
Capital allowances	(86,353)	(102,444)
Tax losses arising	3,182	7,821
Tax losses utilised	(8,727)	(4,075)
	<hr/>	<hr/>
	(252)	(18,268)
	<hr/>	<hr/>
<b>Current year tax</b>	-	-
	<hr/>	<hr/>

The company has substantial tax losses to carry forward against profits from the same trades which will reduce tax payable in future years.

# Falmouth Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 9 Intangible assets

	Intellectual Property Rights £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2008	-	-	-
Additions	15,000	5,500	20,500
	<hr/>	<hr/>	<hr/>
At 31 December 2008	15,000	5,500	20,500
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 2008	-	-	-
Charge for the year	1,500	550	2,050
	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,500	550	2,050
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2008	13,500	4,950	18,450
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 10 Tangible fixed assets

	Short leasehold property £	Long leasehold property £	Plant and machinery £	Barges £	Total £
<b>Cost</b>					
At 1 January 2008	120,429	648,465	5,912,857	770,641	7,452,392
Additions	-	-	600,372	45,878	646,250
Transfer to current asset investments	-	(75,000)	-	-	(75,000)
At 31 December 2008	120,429	573,465	6,513,229	816,519	8,023,642
<b>Depreciation</b>					
At 1 January 2008	17,720	28,789	2,606,113	176,218	2,828,840
Charge for the year	12,042	7,677	329,502	69,850	619,071
At 31 December 2008	29,762	36,466	2,935,615	246,068	3,247,911
<b>Net book value</b>					
At 31 December 2008	90,667	536,999	3,577,614	570,451	4,775,731
At 31 December 2007	102,709	619,676	3,306,744	594,423	4,623,552

Included above are assets under hire purchase agreements as follows:

	Plant and machinery £	Barges £	Total £
<b>Net book values</b>			
At 31 December 2008	203,555	422,569	626,124
At 31 December 2007	350,432	477,460	827,892
<b>Depreciation charge for the year</b>			
At 31 December 2008	34,176	54,891	89,067
At 31 December 2007	48,542	21,736	70,278

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 11 Tangible fixed assets

	Investment properties £
<b>Cost or valuation</b>	
At 1 January 2008	850,000
Revaluation	-
	<hr/>
<b>At 31 December 2008</b>	<b>850,000</b>
	<hr/>

The freehold properties of the company held for investment purposes were valued at 31 December 2008 on an open market basis by C Walters, a director of the company, at the amounts shown above.

The historic cost of the company's investment properties is £684,636 (2007: £684,636). If depreciation had been provided on such properties the accumulated depreciation at that date based on cost would be £106,864 (2007: £79,478).

If the company's properties were disposed of at market value a corporation tax liability of £29,500 (2007: £31,576) would arise.

### 12 Investments

	Shares in group Undertakings £
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	10,105
	<hr/>

Subsidiary Undertaking	Country of incorporation	Principle activity	Class and percentage of shares held
Tamlyn Shipping Limited	England and Wales	Dormant	100% ordinary

Financial information in respect of the above company is as follows:

	Aggregate amount of capital and reserves	Result for the year
Tamlyn Shipping Limited	10,105	-
	<hr/>	<hr/>

### 13 Stocks

	2008 £	2007 £
Raw materials	146,817	165,867
	<hr/>	<hr/>

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 14 Debtors

	2008 £	2007 £
Trade debtors	2,849,140	3,232,389
Prepayments and accrued income	901,041	656,738
Other tax and social security	157,448	119,374
	<u>3,907,629</u>	<u>4,008,501</u>

### 15 Current asset investments

	2008 £	2007 £
Property for resale	600,000	-

The historic cost up the company's current asset investments is £75,000 (2007: £Nil).

If the company's properties were disposed of at market value a corporation tax liability of £100,476 would arise.

### 16 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts (see note 17)	2,681,641	2,133,910
Other loans	355,027	75,226
Trade creditors	2,943,246	2,884,685
Amounts owed to group undertakings	55,000	55,000
<i>Other creditors including taxation and social security:</i>		
Other taxation and social security	63,782	55,256
Hire purchase agreements (see note 17)	107,076	181,099
Other creditors	1,986	9,553
Directors current accounts	66,400	53,500
	<u>6,274,158</u>	<u>5,448,229</u>
Accruals and deferred income	232,043	237,753
	<u>6,506,201</u>	<u>5,685,982</u>

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 17 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loans	715,190	756,581
Other loans	-	336,277
Hire purchase agreements	184,631	280,882
Amounts owed to group undertakings	793,981	873,001
	<u>1,693,802</u>	<u>2,246,741</u>
<i>Analysis of loans</i>		
Not wholly repayable within five years other than by instalments	610,000	610,000
Wholly repayable within five years	495,775	595,692
	<u>1,105,775</u>	<u>1,205,692</u>
Included in current liabilities	(390,585)	(112,834)
	<u>715,190</u>	<u>1,092,858</u>
<i>Loan maturity analysis</i>		
In more than one year but not more than two years	41,478	374,925
In more than two years but not more than five years	63,712	107,933
In more than five years	610,000	610,000
	<u></u>	<u></u>

The bank borrowings are secured by way of fixed and floating charges over the group's assets.

Investment property mortgages of £610,000 (£2007: £610,000) are interest only to be repaid in May 2016. Interest is charged at 2% over the prevailing clearing bank base rate.

#### *Net obligations under hire purchase agreements*

Repayable within one year	107,076	181,099
Repayable between one and five years	184,631	280,882
	<u>291,707</u>	<u>461,981</u>
Included in current liabilities	(107,076)	(181,099)
	<u>184,631</u>	<u>280,882</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

# Falmouth Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 18 Commitments under operating leases

At 31 December 2008, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £	2008 Other items £	Land and buildings £	2007 Other items £
Operating leases which expire:				
Within one year	4,633	-	4,300	5,532
In two to five years	41,500	18,226	45,000	-
After more than 5 years	25,000	-	5,300	-
	<hr/>	<hr/>	<hr/>	<hr/>
	71,133	18,226	54,600	5,532
	<hr/>	<hr/>	<hr/>	<hr/>

### 19 Pension scheme

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 pension cost charge represents contributions payable by the company to the fund and amounted to £9,059 (2007: £9,212) including contributions in respect of employees. Contributions amounting to £1,926 (2007: £1,737) were payable to the fund at the year end and are included in creditors.

### 20 Related party transactions

The company has taken advantage of the exemption from disclosing transactions with group undertakings.

CJ Walters is also a director of Christian Walters Limited a company incorporated in the UK.

Included in accruals is a loan from Christian Walters Limited of £Nil (2007: £7,796). Interest of £Nil (2007: £Nil) was charged during the year.

During the year the company made a loan to Christian Walters Limited of £8,470. The balance at the year end is £8,470, included in prepayments. Interest of £Nil was charged during the year.

Included in other loans is a loan from the executive pension scheme of £11,276 (2007: £54,609). Interest of £5,309 (2007: £5,309) was charged during the year.



# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 21 Transactions with directors

On 23 August 2002, CJ Walters, a director of Garraf Limited (the parent company) and the ultimate controlling party purchased Zilva Corporation's interest in Garraf Limited and its share of the assigned overdraft owed by Falmouth Oil Services Limited. The amount left on the assigned overdraft payable to CJ Walters is £Nil (2007: £31,893) included in creditors. Interest of £9,829 (2007: £9,787) was charged in respect of this loan during the year. Included in accruals is an amount of £10,675 (2007: £192,963) of interest accrued on the loan in previous years.

During the year the company paid rent to CJ Walters of £20,075 (2007: £5,300). The balance owed at 31 December 2008 is £14,775, included in creditors.

CJ Walters has provided a personal guarantee to the bank limited to £100,000 (2007: £100,000) and to a third party in respect of a loan of £300,000 (2007: £300,000).

Included in creditors is a loan of £53,500 from R Kemp, a director of the company. At the end of the year, £53,500 (2007: £53,500) remained outstanding to R Kemp. Interest of £6,687 (2007: £4,833) was payable on the loan during the year.

The company also paid R Kemp £49,300 (2007: £37,400) during the year for consultancy services. The balance owed at 31 December 2008 is £2,975 included in accruals.

### 22 Share capital

	2008 £	2007 £
<b>Authorised share capital:</b>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
1,000,000 preference shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
	2,000,000	2,000,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid:</b>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>

### 23 Movement in reserves

	Current asset investments Revaluation Reserve £	Investment Property Revaluation Reserve £	Profit and loss account £
At 1 January 2008	-	165,364	829,072
Profit for the year after taxation	-	-	1,215
Revaluation	525,000	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2008</b>	<b>525,000</b>	<b>165,364</b>	<b>830,287</b>
	<hr/>	<hr/>	<hr/>

# Falmouth Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 24 Reconciliation of movements in shareholder's funds

	2008 £	2007 £
Profit for the financial year	1,215	92,497
Other recognised gains and losses	525,000	-
	<hr/>	<hr/>
Net addition to shareholder's funds	526,215	92,497
Opening shareholder's funds	1,994,436	1,901,939
	<hr/>	<hr/>
Closing shareholder's funds	2,520,651	1,994,436
	<hr/>	<hr/>

### 25 Reconciliation of operating profit to net cash inflow from operating activities

	2008 £	2007 £
Operating profit	194,977	270,176
Depreciation	419,071	375,271
Amortisation	2,050	-
Profit on disposal of fixed assets	-	(7,177)
Decrease/(increase) in stocks	19,050	(35,941)
Decrease/(increase) in debtors	100,872	(1,796,140)
(Decrease)/increase in creditors	(12,310)	1,112,215
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	723,710	(81,596)
	<hr/>	<hr/>

### 26 Reconciliation of net cash inflow to movement in net debt

	2008 £	2007 £
Decrease in cash in the period	(402,305)	(908,667)
Net cash outflow from bank loans	95,229	49,323
Cash outflow in respect of hire purchase	184,709	223,798
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	(122,367)	(635,546)
New finance leases	(14,435)	(310,162)
	<hr/>	<hr/>
Movement in net debt	(136,802)	(945,708)
Net debt at 1 January 2008	(3,494,840)	(2,549,132)
	<hr/>	<hr/>
Net debt at 31 December 2008	(3,631,642)	(3,494,840)
	<hr/>	<hr/>

# Falmouth Oil Services Limited

## Notes

(forming part of the financial statements)

### 27 Analysis of change in net debt

	At 1 January 2008 £	Cash flows £	Other non cash changes £	At 31 December 2008 £
<b>Net cash:</b>				
Cash in hand and at bank	269,134	142,788	-	411,922
Overdrafts	(2,096,301)	(545,093)	-	(2,641,394)
	<u>(1,827,167)</u>	<u>(402,305)</u>	<u>-</u>	<u>(2,229,472)</u>
<b>Debt:</b>				
Debt due within one year	(112,834)	42,561	(325,000)	(395,273)
Debt due after one year	(1,092,858)	52,668	325,000	(715,190)
Hire purchase agreements	(461,981)	184,709	(14,435)	(291,707)
	<u>(1,667,673)</u>	<u>279,938</u>	<u>(14,435)</u>	<u>(1,402,170)</u>
Net debt	<u>(3,494,840)</u>	<u>(122,367)</u>	<u>(14,435)</u>	<u>(3,631,642)</u>

### 28 Ultimate parent company

The parent company is Garraf Limited, a company registered in England and Wales.

### 29 Control

The ultimate controlling party is CJ Walters (director).

### 30 Capital Commitments

At 31 December 2008, the company had capital commitments as follows:

	2008 £	2007 £
Contracted for but not provided in the financial statements	<u>245,000</u>	<u>-</u>

### 31 Contingent liability

There is a cross guarantee in place whereby the company has guaranteed the overdraft of its parent undertaking. The amount outstanding at the end of the year was £Nil (2007: £Nil) and the maximum amount outstanding during the year was £Nil (2007: £3,970).

The bankers hold bonds in respect of various suppliers for £1,269,446 (2007: £1,375,000) and for HM Customs and Excise for £20,000 (2007: £20,000).