

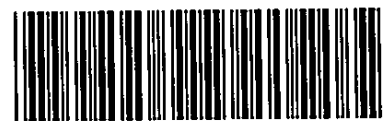
**Azure Oil Services Limited**  
**(formerly Falmouth Oil Services Limited)**

**Directors' report and financial statements**

**For the year ended 31 December 2009**

Company registration number 02856486

TUESDAY



A13

\*AT3XPSUE\*

29/03/2011

209

COMPANIES HOUSE

---



# Azure Oil Services Limited

## Contents

	<i>Page</i>
Officers and professional advisers	1
Directors' report	2 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Statement of Total Recognised Gains and Losses	8
Balance sheet	9
Notes to the financial statements	10 - 22

---

# Azure Oil Services Limited

## Officers and professional advisers

**Directors:** CJ Walters  
Mr RD Kemp (resigned 1 January 2010)

**Company secretary:** DK Hines-Randle

**Registered office:** c/o Metal Surgery  
Unit 9  
Kernick Industrial Estate  
Parkengue  
PENRYN  
Cornwall  
TR10 9EP

**Auditors:** Robinson Reed Layton  
Peat House  
Newham Road  
TRURO  
Cornwall  
TR1 2DP

**Bankers:** National Westminster  
15 High Street  
BATH

# Azure Oil Services Limited

## Directors' report

*For the year ended 31 December 2009*

The directors present their annual report and financial statements for the year ended 31 December 2009

### 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

The company changed its name from Falmouth Oil Services Ltd to Azure Oil Services Ltd on 25 January 2010.

The company commenced the year on a positive note and expectations were that the business would continue to benefit from the increased volumes brought about by the Sulphur Emission Control Area ('SECA') regulations introduced as EU legislation in 2008.

Delivered volumes were affected by the world wide recession and deliveries thus failed to live up to expectations, resulting in reduced level of gross profit and an overall trading loss for the year.

As a bunkering terminal the business was also faced with some high levels of potential capital expenditure in order to re-build parts of the terminal which were approaching the end of their useful lives.

A strategy had been devised whereby the value of part of the land owned or leased by the company could be realised and the subsequent inflow of cash used to fund this re-development.

There were, however, some local planning issues which temporarily affected our ability to re-develop the sites.

Faced with a temporary, recession driven, downturn in business along with the prospect of some high levels of capital expenditure required to effectively maintain the status quo of the business, alternatives had to be considered.

An offer was then received from an American oil company to purchase most of the trade and assets of the oil terminal and bunkering facilities at Falmouth, as well as the established shipping agency, and the Board concluded that this sale represented the best long term solution for the business and employees.

The offer was therefore accepted and the trade and assets relating to the terminal and marine bunkering facility were sold in early 2010.

The company has retained its interest in the engineering business which it will continue to operate, while also keeping part of the original oil terminal which will be leased to the new owners in the short to medium term. It is also the intention to continue trading oil products further afield, effectively continuing our trading business in Ireland and other locations away from Falmouth.

# Azure Oil Services Limited

## Directors' report

*For the year ended 31 December 2009*

### Future Developments

On 1 January 2010 the oil distribution and bunkering trade and the associated assets and liabilities were sold for £7.5 million

On 24 March 2010 975,000 of the company's issued ordinary shares were cancelled

With the sale of most of the trade and assets of the marine oil terminal and bunkering business, the company commenced 2010 in a very cash positive position, albeit with considerably downsized trading activity

The immediate concern must be to try to make the engineering division, which trades as 'Metal Surgery', a profitable stand alone business. In the past this has been operated effectively as an in-house repair and fabrication facility for the oil terminal but the priority must now be to make this a successful business in its own right

The company can also continue trading oil products away from Falmouth, carrying on the established business which we already have in the Republic of Ireland and developing this at other locations

The company also continues to own part of the original oil terminal at Falmouth which is now being rented to the new owners of the bunkering business, although this is not seen as a long term arrangement. The director is considering the eventual long term use as well as the potential future value of this property

2010 is therefore not expected to be a profitable trading year, although it will be seen as a year of consolidation, particularly given the healthy cash position of the business, from which to move forward with operations in the future

### Results and dividends

The results for the year are shown on page 7

The directors have not recommended the payment of a dividend (2008 £Nil)

### Directors

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

CJ Walters

Mr RD Kemp (resigned 1 January 2010)

### Auditors

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

# Azure Oil Services Limited

## Directors' report

*For the year ended 31 December 2009*

### 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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

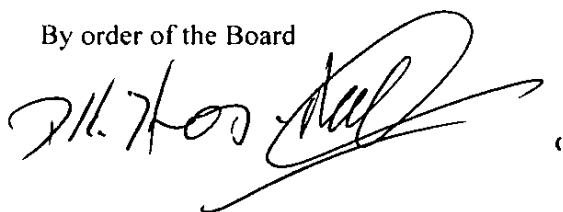
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### 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



**DK Hines-Randle**  
*Company Secretary*

Azure Oil Services Limited  
c/o Metal Surgery  
Unit 9 Kernick Industrial Estate  
Parkengue  
PENRYN  
TR10 9EP

24 March 2011

# Azure Oil Services Limited

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

We have audited the company statements of Azure Oil Services Limited for the year ended 31 December 2009 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Azure Oil Services Limited

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

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Paul Reed (Senior Statutory Auditor)**  
for and on behalf of Robinson Reed Layton, Statutory Auditors

Peat House  
Newham Road  
TRURO  
TR1 2DP

25 March 2011



# Azure Oil Services Limited

## Profit and loss account

For the year ended 31 December 2009

	Notes	£	2009 £	£	2008 £
<b>Turnover</b>	2				
Continuing operations		348,232		360,832	
Discontinued operations		13,324,173		25,386,647	
			13,672,405		25,747,479
Cost of sales	4		(12,455,727)		(23,833,565)
<b>Gross profit</b>			1,216,678		1,913,914
Administrative expenses	4		(1,635,443)		(1,810,559)
Other operating income	3		32,634		91,622
<b>Operating (loss)/profit</b>	5				
Continuing operations		(128,989)		(119,857)	
Discontinued operations		(257,142)		314,834	
			(386,131)		194,977
Interest receivable			15		704
Interest payable	8		(128,643)		(194,466)
<b>(Loss)/profit on ordinary activities before taxation</b>			(514,759)		1,215
Tax on profit on ordinary activities	9		-		-
<b>(Loss)/profit on ordinary activities after taxation and profit for the financial year</b>	24		(514,759)		1,215

# Azure Oil Services Limited

## Statement of total recognised gains and losses

*For the year ended 31 December 2009*

	2009 £	2008 £
<b>(Loss)/profit for the financial year</b>	<b>(514,759)</b>	1,215
Unrealised surplus on revaluation of current asset investments	-	525,000
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>	<b>(514,759)</b>	526,215
	<hr/>	<hr/>

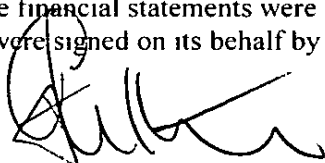
# Azure Oil Services Limited

## Balance sheet

As at 31 December 2009

	Notes	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Intangible assets	10		16,400		18,450
Tangible assets	11 & 12		5,754,717		5,625,731
Investments	13		10,105		10,105
			<hr/>		<hr/>
			5,781,222		5,654,286
<b>Current assets</b>					
Stocks	14	115,645		146,817	
Debtors	15	3,576,740		3,907,629	
Current asset investments	16	-		600,000	
Cash at bank		190,341		411,922	
			<hr/>	<hr/>	
			3,882,726	5,066,368	
<b>Creditors: amounts falling due within one year</b>	17	(6,500,897)		(6,506,201)	
			<hr/>	<hr/>	
<b>Net current liabilities</b>			(2,618,171)		(1,439,833)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			3,163,051		4,214,453
<b>Creditors: amounts falling due after more than one year</b>	18		(1,157,159)		(1,693,802)
			<hr/>		<hr/>
<b>Net assets</b>			2,005,892		2,520,651
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Share capital	23		1,000,000		1,000,000
Profit and loss account	24		840,528		830,287
Revaluation reserves	24		165,364		690,364
			<hr/>		<hr/>
<b>Equity shareholder's funds</b>	25		2,005,892		2,520,651
			<hr/>		<hr/>

These financial statements were approved by the Board of directors on 24 March 2011 and were signed on its behalf by



Director - CJ Waters

Company Registration No 02856486

# Azure 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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary

#### 1.2 Consolidated accounts

The ultimate holding company has produced group accounts and on this basis the company has taken advantage of the exemption granted by the Companies Act 2006 not to prepare intermediate group accounts. The accounts present information about the company as an individual undertaking and not about the group as a whole

#### 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

# Azure Oil Services Limited

## Notes

*(forming part of the financial statements)*

### 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.

### 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.

# Azure 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

	2009 £	2008 £
United Kingdom	11,095,208	19,317,617
Europe	2,577,197	6,429,862
	<u>13,672,405</u>	<u>25,747,479</u>

### 3 Other operating income

	2009 £	2008 £
Rent receivable	19,816	61,354
Other operating income	12,818	30,268
	<u>32,634</u>	<u>91,622</u>

### 4 Cost of sales and net operating expenses

	Continued £	Discontinued £	2009 Total £	Continued £	Discontinued £	2008 Total £
Cost of sales	213,300	12,242,427	12,455,727	266,437	23,567,128	23,833,565
Administrative expenses	263,921	1,371,522	1,635,443	214,252	1,596,307	1,810,559
	<u>477,221</u>	<u>13,613,949</u>	<u>14,091,170</u>	<u>480,689</u>	<u>25,163,435</u>	<u>25,644,124</u>

### 5 Operating (loss)/profit

	2009 £	2008 £
<i>Operating (loss)/profit is stated after charging/(crediting)</i>		
Depreciation	513,862	419,071
Amortisation	2,050	2,050
Auditors' remuneration - as auditors	12,000	13,860
Hire of plant and equipment	19,667	9,750
Rental of other assets	65,423	53,066
Foreign exchange losses	4,864	107,126
	<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

# Azure Oil Services Limited

## Notes

(forming part of the financial statements)

### 6 Particulars of employees

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

	2009 No	2008 No
Distribution staff	35	34
Administration staff	4	12
Sales staff	2	3
	<u>41</u>	<u>49</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	1,012,836	1,080,086
Social security costs	106,351	101,572
Other pension costs	9,384	9,059
	<u>1,128,571</u>	<u>1,190,717</u>

### 7 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2009 £	2008 £
Emoluments receivable	<u>12,000</u>	<u>12,000</u>

Retirement benefits are accruing to one (2008 one) director under defined contribution pension schemes

### 8 Interest payable

	2009 £	2008 £
On bank loans and overdrafts	28,294	100,202
On other loans	38,563	24,060
Hire purchase finance charges	36,540	50,377
Other	25,246	19,827
	<u>128,643</u>	<u>194,466</u>

# Azure Oil Services Limited

## Notes

(forming part of the financial statements)

### 9 Taxation

	2009 £	2008 £
<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>		
(Loss)/profit on ordinary activities before taxation	-	1,215
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2008 20 75%)	-	252
	<hr/>	<hr/>
Effects of		
Non deductible expenses	-	4,649
Depreciation	-	86,997
Capital allowances	-	(86,353)
Tax losses arising	-	3,182
Tax losses utilised	-	(8,727)
	<hr/>	<hr/>
	-	(252)
	<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



# Azure Oil Services Limited

## Notes

(forming part of the financial statements)

### 10 Intangible assets

	Intellectual Property Rights £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2009 and 31 December 2009	15,000	5,500	20,500
<b>Amortisation</b>			
At 1 January 2009	1,500	550	2,050
Charge for the year	1,500	550	2,050
At 31 December 2009	3,000	1,100	4,100
<b>Net book value</b>			
At 31 December 2009	12,000	4,400	16,400
At 31 December 2008	13,500	4,950	18,450

## Notes

(forming part of the financial statements)

### 11 Tangible fixed assets

	Short leasehold property £	Long leasehold property £	Plant and machinery £	Barges £	Total £
<b>Cost</b>					
At 1 January 2009	120,429	573,465	6,513,229	816,519	8,023,642
Additions	-	-	591,243	51,605	642,848
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	120,429	573,465	7,104,472	868,124	8,666,490
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 January 2009	29,762	36,466	2,935,615	246,068	3,247,911
Charge for the year	19,720	-	415,185	78,957	513,862
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	49,482	36,466	3,350,800	325,025	3,761,773
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2009	70,947	536,999	3,753,672	543,099	4,904,717
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	90,667	536,999	3,577,614	570,451	4,775,731
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included above are assets under hire purchase agreements as follows

	Plant and machinery £	Barges £	Total £
<b>Net book values</b>			
At 31 December 2009	136,537	367,678	504,215
	<hr/>	<hr/>	<hr/>
At 31 December 2008	203,555	422,569	626,124
	<hr/>	<hr/>	<hr/>
<b>Depreciation charge for the year</b>			
At 31 December 2009	29,340	53,803	83,143
	<hr/>	<hr/>	<hr/>
At 31 December 2008	34,176	54,891	89,067
	<hr/>	<hr/>	<hr/>

## Notes

(forming part of the financial statements)

### 12 Tangible fixed assets

#### Investment properties £

##### Cost or valuation

At 1 January 2009 and 31 December 2009

850,000

The freehold properties of the company held for investment purposes were valued at 31 December 2009 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 (2008 £684,636) If depreciation had been provided on such properties the accumulated depreciation at that date based on cost would be £134,250 (2008 £106,864)

If the company's properties were disposed of at market value a corporation tax liability of £14,127 (2008 £29,500) would arise

### 13 Investments

#### Shares in group Undertakings £

##### Cost

At 1 January 2009 and 31 December 2009

10,105

Subsidiary Undertaking	Country of incorporation	Principle activity	Class and percentage of shares held
Azure 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
Azure Shipping Limited	10,105	-

### 14 Stocks

	2009 £	2008 £
Raw materials	115,645	146,817

## Notes

(forming part of the financial statements)

### 15 Debtors

	2009 £	2008 £
Trade debtors	2,588,438	2,849,140
Prepayments and accrued income	789,221	901,041
Other tax and social security	63,104	157,448
Director's current account	135,977	-
	<u>3,576,740</u>	<u>3,907,629</u>

### 16 Current asset investments

	2009 £	2008 £
Property for resale	-	600,000
	<u>-</u>	<u>600,000</u>

The historic cost of the company's current asset investments is £Nil (2008 £75,000)

If the company's properties were disposed of at market value a corporation tax liability of £Nil (2008 £100,476) would arise

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

	2009 £	2008 £
Bank loans and overdrafts (see note 18)	1,191,136	2,681,641
Other loans	2,307,863	355,027
Trade creditors	2,396,942	2,943,246
Amounts owed to group undertakings	55,000	55,000
<i>Other creditors including taxation and social security</i>		
Other taxation and social security	25,967	63,782
Hire purchase agreements (see note 18)	169,934	107,076
Other creditors	2,853	1,986
Directors current accounts	53,500	66,400
	<u>6,203,195</u>	<u>6,274,158</u>
Accruals and deferred income	297,702	232,043
	<u>6,500,897</u>	<u>6,506,201</u>

## Notes

(forming part of the financial statements)

### 18 Creditors amounts falling due after more than one year

	2009 £	2008 £
Bank loans	610,000	715,190
Hire purchase agreements	14,709	184,631
Amounts owed to group undertakings	532,450	793,981
	<b>1,157,159</b>	<b>1,693,802</b>
<i>Analysis of loans</i>		
Not wholly repayable within five years other than by instalments	610,000	610,000
Wholly repayable within five years	1,655	495,775
	<b>611,655</b>	<b>1,105,775</b>
Included in current liabilities	(1,655)	(390,585)
	<b>610,000</b>	<b>715,190</b>
<i>Loan maturity analysis</i>		
In more than one year but not more than two years	-	41,478
In more than two years but not more than five years	-	63,712
In more than five years	610,000	610,000

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

Investment property mortgages of £610,000 (£2008 £610,000) are interest only to be repaid in May 2016  
Interest is charged at 0.7% less than the bank's standard variable rate

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

Repayable within one year	169,934	107,076
Repayable between one and five years	14,709	184,631
	<b>184,643</b>	<b>291,707</b>
Included in current liabilities	(169,934)	(107,076)
	<b>14,709</b>	<b>184,631</b>

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

## Notes

(forming part of the financial statements)

### 19 Commitments under operating leases

At 31 December 2009, the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings £	2009 Other items £	Land and buildings £	2008 Other items £
Operating leases which expire				
Within one year	-	-	4,633	-
In two to five years	41,500	-	41,500	18,226
After more than 5 years	-	-	25,000	-
	<u>41,500</u>	<u>-</u>	<u>71,133</u>	<u>18,226</u>

### 20 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 £9,384 (2008 £9,059) including contributions in respect of employees. Contributions amounting to £1,959 (2008 £1,926) were payable to the fund at the year end and are included in creditors.

### 21 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.

During the year the company made a loan to Christian Walters Limited of £10,000 (2008 £8,470). The balance at the year end is £18,470 (2008 £8,470), included in prepayments. Interest of £Nil (2008 £Nil) was charged during the year.

During the year the company provided services to Christian Walters Ltd of £3,200 (2008 £Nil). The balance included in other debtors at the year end is £3,200 (2008 £Nil).

Included in other loans is a loan from the executive pension scheme of £Nil (2008 £11,276). Interest of £885 (2008 £5,309) was charged during the year.

## Notes

(forming part of the financial statements)

### 22 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 Azure Oil Services Limited. The amount left on the assigned overdraft payable to CJ Walters is £Nil (2008 £Nil). Interest of £Nil (2008 £9,829) was charged in respect of this loan during the year. Included in accruals is an amount of £192,963 (2008 £192,963) of interest accrued on the loan in previous years.

During the year the company paid rent to CJ Walters of £25,000 (2008 £20,075). The balance owed at 31 December 2009 is £Nil (2008 £14,775), included in creditors.

CJ Walters has provided a personal guarantee to the bank limited to £100,000 (2008 £100,000) and to a third party in respect of a loan of £Nil (2008 £300,000).

Included in debtors at the year end was a balance for the director's current account of £135,977 owed by CJ Walters (2008 £12,900 owed to CJ Walters). The maximum overdrawn balance in the year was £135,977.

Included in creditors is a loan of £53,500 (2008 £53,500) from R Kemp, a director of the company. At the end of the year, £53,500 (2008 £53,500) remained outstanding to R Kemp. Interest of £6,687 (2008 £6,687) was payable on the loan during the year.

The company also paid R Kemp £41,650 (2008 £49,300) during the year for consultancy services. The balance owed at 31 December 2009 is £Nil (2008 £2,975) included in accruals.

### 23 Share capital

	2009	2008
<b>Allotted, called up and fully paid·</b>		
1,000,000 ordinary shares of £1 each	<b>1,000,000</b>	<b>1,000,000</b>

### 24 Movement in reserves

	Current asset investments Revaluation Reserve £	Investment Property Revaluation Reserve £	Profit and loss account £
At 1 January 2009	525,000	165,364	830,287
Loss for the year after taxation	-	-	(514,759)
Transfer	(525,000)	-	525,000
<b>At 31 December 2009</b>	<b>-</b>	<b>165,364</b>	<b>840,528</b>

## Notes

*(forming part of the financial statements)*

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

	2009 £	2008 £
(Loss)/profit for the financial year	(514,759)	1,215
Other recognised gains and losses	-	525,000
	<hr/>	<hr/>
Net (reduction in)/addition to shareholder's funds	(514,759)	526,215
Opening shareholder's funds	2,520,651	1,994,436
	<hr/>	<hr/>
<b>Closing shareholder's funds</b>	<b>2,005,892</b>	<b>2,520,651</b>
	<hr/>	<hr/>

### 26 Ultimate parent company

The parent company is Garraf Limited, a company registered in England and Wales. The consolidated financial statements of the group may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

### 27 Control

The ultimate controlling party is CJ Walters (director).

### 28 Capital Commitments

At 31 December 2009, the company had capital commitments as follows

	2009 £	2008 £
Contracted for but not provided in the financial statements	-	245,000
	<hr/>	<hr/>

### 29 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 (2008: £Nil) and the maximum amount outstanding during the year was £Nil (2008: £Nil).

The bankers hold bonds in respect of various suppliers for £Nil (2008: £1,269,446) and for HM Customs and Excise for £20,000 (2008: £20,000).

### 30 Post balance sheet events

On 1 January 2010 the oil distribution and bunkering trade and associated assets and liabilities were sold for £7.5 million.

On 24 March 2010 975,000 of the company's issued ordinary shares were cancelled.

### 31 Dividends

Dividends of £608,000 have been voted since the year end and will be approved at the forthcoming annual general meeting.