

Company registration number 03528262 (England and Wales)

**AZTEC OILS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# AZTEC OILS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M S Lord J A Hartshorne D Watkins K M Mudzengerere K M Travis
<b>Secretary</b>	J A Hartshorne
<b>Company number</b>	03528262
<b>Registered office</b>	Intake Road Bolsover Business Park Bolsover Chesterfield S44 6BB
<b>Auditor</b>	BHP LLP 2 Rutland Park Sheffield S10 2PD

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# AZTEC OILS LIMITED

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# AZTEC OILS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present the strategic report for the year ended 31 March 2023.

#### **Review of the business**

A challenging year where prices soared as a result of Russia's invasion of Ukraine. Huge uncertainties weakened demand resulting in a 35% drop in production output at Aztec Oils Ltd. With prices up by a similar amount, the turnover figure was lower than the previous year by a very small percentage of -0.21%.

Export sales to the rest of the world rose significantly as new markets were opened although European sales were static. As a percentage of total sales export represented 29% up from 26% in the previous year.

A disturbing development was product dumping at prices well below our cost which we believed would be dealt with by imposition of EU sanctions. This has not been the case and we calculate around 3-4 million pounds lost turnover as a result. As a percentage the expected turnover was down by 9-12%.

Gross profit grew by 12.46% which was a result of managing cost of sales throughout the year.

Total assets grew by 14.60% mainly due to the value of stock held at increased market values.

Aztec Lubricants NI Ltd operates purely to facilitate movement of Aztec products into the Republic of Ireland. Aztec Oils Europe BV operates purely to facilitate movement of product in mainland Europe. Both of these entities are not profit making.

#### **Principal risks and uncertainties**

Product dumping at below UK manufactured cost is a major disruptor for the UK lubricant industry and, unless this illegal practise is brought to a halt, the company will continue to suffer the consequences.

The Windsor Framework creates a new challenge in our ability to service the island of Ireland and a restructure of our Aztec NI company to facilitate change will be enacted in the coming year.

Aztec Lubricants NI Ltd will have to become an independent trading distribution company in the coming year.

#### **Financial Instruments**

The company utilises appropriate financial instruments in order to conduct its business activities.

*Price risk, credit risk, liquidity risk and cash flow risk.*

The business's principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors, hire purchase and finance lease agreements. The main purpose of these instruments is to finance the business operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of invoice discounting at market rates of interest.

Trade debtors are managed in respect of credit and Cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. It is the company's policy to pay all suppliers within a maximum of 40 days from end of month.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

**AZTEC OILS LIMITED**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

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On behalf of the board

M S Lord  
**Director**

20 November 2023

# AZTEC OILS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### Principal activities

The principal activity of the company continued to be that of the supply of lubricants.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

A gift of profits has been made to the Employee Ownership Trust of £250,000 during the year.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M S Lord  
J A Hartshorne  
D Watkins  
K M Mudzengerere  
K M Travis

#### Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of 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 accounting 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.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Financial Instruments.

## **AZTEC OILS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Medium-sized companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

M S Lord  
**Director**

20 November 2023

# AZTEC OILS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZTEC OILS LIMITED

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### Opinion

We have audited the financial statements of Aztec Oils Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **AZTEC OILS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AZTEC OILS LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with management, and from our commercial knowledge and experience of the lubricants supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environments and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

## **AZTEC OILS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF AZTEC OILS LIMITED**

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We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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.

**Adrian Staniforth**  
**Senior Statutory Auditor**  
**For and on behalf of BHP LLP**

21 November 2023

**Chartered Accountants**  
**Statutory Auditor**

2 Rutland Park  
Sheffield  
S10 2PD

# AZTEC OILS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
<b>Turnover</b>	<b>2</b>	32,758,008	32,843,554
Cost of sales		(25,889,849)	(26,677,258)
<b>Gross profit</b>		6,868,159	6,166,296
Administrative expenses		(6,282,892)	(5,211,372)
Other operating income		68,814	226,342
<b>Operating profit</b>	<b>3</b>	654,081	1,181,266
Interest receivable and similar income	<b>6</b>	692	-
Interest payable and similar expenses	<b>7</b>	(112,777)	(73,934)
<b>Profit before taxation</b>		541,996	1,107,332
Tax on profit	<b>8</b>	(49,053)	(250,280)
<b>Profit for the financial year</b>		492,943	857,052

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

# AZTEC OILS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	10	4,261,044	3,549,397
<b>Current assets</b>			
Stocks	11	4,285,075	3,535,441
Debtors	12	8,471,818	7,970,963
Cash at bank and in hand		304,041	59,609
		13,060,934	11,566,013
<b>Creditors: amounts falling due within one year</b>	13	(11,490,339)	(9,514,947)
<b>Net current assets</b>		1,570,595	2,051,066
<b>Total assets less current liabilities</b>		5,831,639	5,600,463
<b>Creditors: amounts falling due after more than one year</b>	14	(1,486,204)	(1,722,971)
<b>Provisions for liabilities</b>			
Provisions	17	285,000	-
Deferred tax liability	18	283,000	343,000
		(568,000)	(343,000)
<b>Net assets</b>		3,777,435	3,534,492
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss reserves		3,777,335	3,534,392
<b>Total equity</b>		3,777,435	3,534,492

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 20 November 2023 and are signed on its behalf by:

M S Lord  
Director

Company registration number 03528262 (England and Wales)

# AZTEC OILS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 April 2021</b>		100	3,181,188	3,181,288
<b>Year ended 31 March 2022:</b>				
Profit and total comprehensive income for the year		-	857,052	857,052
Contributions to Employee Ownership Trust	9	-	(503,848)	(503,848)
<b>Balance at 31 March 2022</b>		100	3,534,392	3,534,492
<b>Year ended 31 March 2023:</b>				
Profit and total comprehensive income for the year		-	492,943	492,943
Contributions to Employee Ownership Trust	9	-	(250,000)	(250,000)
<b>Balance at 31 March 2023</b>		100	3,777,335	3,777,435

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

#### Company information

Aztec Oils Limited is a private company limited by shares incorporated in England and Wales. The registered office is Intake Road, Bolsover Business Park, Bolsover, Chesterfield, S44 6BB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Aztec Oils Holdings Limited. These consolidated financial statements are available from its registered office, 31-33 Intake Road, Bolsover Business Park, Bolsover, Chesterfield, S44 6BB.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% and 10% straight line (land is not depreciated)
Leasehold land and buildings	2% straight line
Plant and equipment	20% and 25% reducing balance
Fixtures and fittings	20% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments

Share capital issued by the company is recorded at the proceeds received, net of direct issue costs. Dividends payable on share capital are recognised as liabilities once they are no longer at the discretion of the company.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

### 1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Turnover and other revenue

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Sale of oils and lubricants	32,758,008	32,843,554
	<u>          </u>	<u>          </u>
	2023 £	2022 £
<b>Other significant revenue</b>		
Interest income	692	-
Grants received	-	158,043
	<u>          </u>	<u>          </u>
	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
Sales - Domestic	23,310,305	24,345,289
Sales - Other EU	7,524,587	8,137,425
Sales - Rest of the world	1,923,116	360,840
	<u>          </u>	<u>          </u>
	32,758,008	32,843,554
	<u>          </u>	<u>          </u>

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 3 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(19,421)	56,930
Government grants	-	(158,043)
Fees payable to the company's auditor for the audit of the company's financial statements	29,200	34,662
Depreciation of owned tangible fixed assets	564,268	554,536
Depreciation of tangible fixed assets held under finance leases	74,573	69,379
(Profit)/loss on disposal of tangible fixed assets	(11,429)	18,588

### 4 Employees

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

	2023	2022
	Number	Number
Management	11	12
Office and admin	13	12
Production and despatch	50	54
Sales	9	7
Directors	5	5
Total	88	90

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	2,920,223	2,613,306
Social security costs	257,686	271,093
Pension costs	165,466	167,672
	3,343,375	3,052,071

### 5 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	360,218	331,729
Company pension contributions to defined contribution schemes	8,570	8,056
	368,788	339,785

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2022 - 4).

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 5 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	89,636	87,231
Company pension contributions to defined contribution schemes	2,310	2,274
	<u>          </u>	<u>          </u>

### 6 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Other interest income	692	-
	<u>          </u>	<u>          </u>

### 7 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	101,092	61,843
Interest on finance leases and hire purchase contracts	11,685	11,066
Other interest	-	1,025
	<u>          </u>	<u>          </u>
	112,777	73,934
	<u>          </u>	<u>          </u>

### 8 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	104,404	149,135
Adjustments in respect of prior periods	4,649	145
	<u>          </u>	<u>          </u>
Total current tax	109,053	149,280
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(60,000)	101,000
	<u>          </u>	<u>          </u>
Total tax charge	49,053	250,280
	<u>          </u>	<u>          </u>

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	541,996	1,107,332
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	102,979	210,393
Tax effect of expenses that are not deductible in determining taxable profit	664	40
Change in unrecognised deferred tax assets	(450)	676
Adjustments in respect of prior years	4,649	145
Research and development tax credit	(41,771)	(37,376)
Fixed asset differences	(2,726)	(5,783)
Remeasurement of deferred tax for changes in tax rates	(14,292)	82,185
Taxation charge for the year	49,053	250,280

### 9 Dividends and distributions

	2023 £	2022 £
Contributions to Employee Ownership Trust		
Amounts paid	250,000	503,848

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 10 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2022	1,337,422	1,032,370	3,552,146	401,260	623,141	6,946,339
Additions	900,506	-	206,343	32,710	318,528	1,458,087
Disposals	-	-	(105,966)	(17,524)	(271,606)	(395,096)
At 31 March 2023	2,237,928	1,032,370	3,652,523	416,446	670,063	8,009,330
<b>Depreciation and impairment</b>						
At 1 April 2022	519,489	22,630	2,340,274	144,449	370,100	3,396,942
Depreciation charged in the year	166,398	4,000	331,247	57,177	80,019	638,841
Eliminated in respect of disposals	-	-	(62,862)	(13,883)	(210,752)	(287,497)
At 31 March 2023	685,887	26,630	2,608,659	187,743	239,367	3,748,286
<b>Carrying amount</b>						
At 31 March 2023	1,552,041	1,005,740	1,043,864	228,703	430,696	4,261,044
At 31 March 2022	817,933	1,009,740	1,211,872	256,811	253,041	3,549,397

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Motor vehicles	421,987	222,780

### 11 Stocks

	2023 £	2022 £
Finished goods and goods for resale	4,285,075	3,535,441

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 12 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	7,352,192	6,991,016
Amounts owed by group undertakings	534,176	534,176
Other debtors	402,463	329,767
Prepayments and accrued income	182,987	116,004
	<u>8,471,818</u>	<u>7,970,963</u>

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

	Notes	2023	2022
		£	£
Bank loans	15	674,644	412,175
Obligations under finance leases	16	88,962	106,412
Trade creditors		5,888,313	4,356,188
Corporation tax		104,404	70,628
Other taxation and social security		230,994	148,884
Other creditors		3,881,426	4,109,005
Accruals and deferred income		621,596	311,655
		<u>11,490,339</u>	<u>9,514,947</u>

Within other creditors due within one year are amounts due to invoice discounters of £3,857,832 (2022: £4,068,011).  
They are secured by fixed and floating charges over the assets of the company.

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

	Notes	2023	2022
		£	£
Bank loans and overdrafts	15	1,260,329	1,630,764
Obligations under finance leases	16	225,875	92,207
		<u>1,486,204</u>	<u>1,722,971</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	417,858	447,558
	<u>417,858</u>	<u>447,558</u>

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 15 Loans and overdrafts

	2023 £	2022 £
Bank loans	1,934,973	2,042,939
Payable within one year	674,644	412,175
Payable after one year	1,260,329	1,630,764

The long-term loans are secured by a fixed and floating charge over the assets of the company.

The amounts payable after five years are due monthly instalments with interest charged at 2.5% and 2.2% above the base rate.

### 16 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	88,962	106,412
In two to five years	225,875	92,207
	314,837	198,619

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 17 Provisions for liabilities

	2023 £	2022 £
Provision for repairs and legal fees	285,000	-
Movements on provisions:		
		Provision for repairs and legal fees £
Additional provisions in the year		285,000

# AZTEC OILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
<b>Balances:</b>		
Accelerated capital allowances	309,000	344,000
Short term timing differences	(26,000)	(1,000)
	<u>283,000</u>	<u>343,000</u>
<b>Movements in the year:</b>		2023 £
Liability at 1 April 2022		343,000
Credit to profit or loss		(60,000)
Liability at 31 March 2023		<u>283,000</u>

### 19 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	165,466	167,672

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 20 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100

### 21 Financial commitments, guarantees and contingent liabilities

The company has charges and guarantees in place at the year end as follows;

- Limited guarantees from DTI totalling £784,665
- Limited guarantees from director, M Lord totalling £583,000
- Limited guarantee from Secretary for the Department for Business, Energy and Industrial Strategy totalling £1,240,000.
- Cross guarantee between the company and Aztec Oils Holdings Limited, Lubricant Group Holdings Limited, Lubricant Holdings (Midlands) Limited and Northern Oils Scotland Limited.
- Charge over the property owned by the company.

## AZTEC OILS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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#### 22 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	26,550	26,550
Between two and five years	66,375	79,650
In over five years	-	13,275
	<hr/>	<hr/>
	92,925	119,475
	<hr/> <hr/>	<hr/> <hr/>

#### 23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of tangible fixed assets	230,096	49,000
	<hr/> <hr/>	<hr/> <hr/>

## AZTEC OILS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2023

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#### 24 Related party transactions

Northern Oils Scotland Limited, Aztec Oils Southwest Limited, O.W.T. BV, Aztec Oils Europe BV and Aztec Lubricants NI Limited are all related parties by virtue of the significant influence of Mark Lord. Related party transactions during the year and balances at the year end were as follows;

##### Northern Oils Scotland Limited

Balance owed to the company of £336,929 (2022: £433,650) included in trade debtors.

Balance owed from the company of £Nil (2022: £2,084) included in trade creditors.

Management charge received by the company of £19,441 (2022: £19,136).

##### Aztec Oils Southwest Limited

Balance owed to the company of £283,642 (2022: £246,755) included in trade debtors.

Balance owed to the company of £294,442 (2022: £294,442) included in other debtors.

Management charge received by the company of £22,000 (2022: £24,000).

##### Aztec Oils Northwest Limited

Balance owed to the company of £4,290 included in other debtors.

Aztec Oils Northwest Limited was incorporated 19 August 2022 therefore no related party balance in 2022.

##### O.W.T. BV

Balance owed to the company of £6,229 (2022: £20,657) included in trade debtors.

Balance owed to the company of £101 (2022: £73,854) included in other debtors.

Management charge received by the company of £25,666 (2022: £24,000).

##### Aztec Oils Europe BV

Balance owed to the company of £93,723 (2022: £35,325) included in other debtors.

Management charge received by the company of £Nil (2022: £862)

##### Aztec Lubricants NI Limited

Balance owed to the company of £248,115 (2022: £167,937) included in trade debtors.

Balance owed from the company of £13,702 (2022: £3,689) included in trade creditors.

##### Aztec Oils Baltic

Balance owed to the company of £222,518 (2022: £166,455) included in trade debtors.

Balance owed from the company of £44 (2022: £Nil) included in trade creditors.

#### 25 Ultimate controlling party

The company's immediate parent undertaking is Lubricant Holdings (Midlands) Limited. The ultimate parent undertaking is Aztec Oils Holdings Limited which is controlled by the Aztec EOT. Aztec Oils Holdings Limited prepares group accounts incorporating Aztec Oils Limited and copies are available from 31-33 Intake Road, Bolsover Business Park, Bolsover, Chesterfield, S44 6BB.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.