

Registration number 3772705

# Delta Oil (UK) Limited

Directors' Report and Financial Statements  
for the Year Ended 5 October 2006

A J Charik & Co  
Chartered Accountants, Registered Auditors  
24 Churchill Crescent  
Headley  
Bordon  
Hampshire  
GU35 8ND

TUESDAY



\*APG2EWKB\*

A41

22/01/2008

168

COMPANIES HOUSE

## **Delta Oil (UK) Limited**

### **Contents Page**

Officers and advisers .....	1
Directors' report .....	2 to 3
Independent auditors' report .....	4
Profit and loss account .....	5
Balance sheet .....	6
Notes to the financial statements .....	7 to 12

The following pages do not form part of the statutory financial statements

Detailed profit and loss account .....	13 to 14
--	----------

**Delta Oil (UK) Limited**  
**Officers and Advisers**

<b>Directors</b>	B M Al-Aiban
	P J Beck
<b>Secretary</b>	P J Beck
<b>Registered office</b>	Charters House Charters Road Ascot Berks SL5 0HA
<b>Auditors</b>	A J Chark & Co Chartered Accountants, Registered Auditors 24 Churchill Crescent Headley Bordon Hampshire GU35 8ND

**Delta Oil (UK) Limited**  
**Directors' Report for the Year Ended 5 October 2006**

The directors present their report and the audited financial statements for the year ended 5 October 2006

**Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

**Principal activity**

The principal activity of the company is that of an investment company

**Directors and their interests**

The directors who held office during the year and their beneficial interest in the shares of the company were as follows

**Ordinary shares of £1 each**

	<b>As at 5 October 2006 No.</b>	<b>As at 6 October 2005 No.</b>
B M Al-Aiban	-	100
P J Beck	-	-

On 12 October 2005 B M Al-Aiban made a gift of his 100 shares to Delta Oil 2005 Number Three Limited

**Auditors**

The auditors, A J Chark & Co, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985

**Delta Oil (UK) Limited**  
**Directors' Report for the Year Ended 5 October 2006**

*continued*

**Election to dispense laying accounts**

In accordance with s 252, Companies Act 1985, the company has elected to dispense with laying accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that accounts are laid before the members in general meeting.

**Small company provisions**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 15 January 2008 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'P J Beck', written over a horizontal line.

P J Beck  
Company Secretary

## **Independent Auditors' Report to the Members of Delta Oil (UK) Limited**

We have audited the financial statements of Delta Oil (UK) Limited for the year ended 5 October 2006 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standards for Smaller Entities (Effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and the 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 other transactions is not disclosed.

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

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion

-the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 5 October 2006 and of its loss for the year then ended, and

-the financial statements have been properly prepared in accordance with the Companies Act 1985

-the information given in the Directors' Report is consistent with the financial statements



A J Chark & Co  
Chartered Accountants, Registered Auditors

15 January 2008

24 Churchill Crescent  
Headley  
Bordon  
Hampshire  
GU35 8ND

**Delta Oil (UK) Limited**  
**Profit and Loss Account for the Year Ended 5 October 2006**

	Note	2006 £	2005 £
Turnover		-	-
Administrative expenses		(13,032,252)	(28,162,678)
Other operating income		37,871,790	2,249,394
<b>Operating profit/(loss)</b>	2	<u>24,839,538</u>	<u>(25,913,284)</u>
Other interest receivable and similar income		-	25,567
Interest payable and similar charges		(148,706)	(27,037)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>24,690,832</u>	<u>(25,914,754)</u>
<b>Profit/(loss) for the financial year</b>		<u>24,690,832</u>	<u>(25,914,754)</u>
<b>Retained profit/(loss) for the financial year</b>		<u><u>24,690,832</u></u>	<u><u>(25,914,754)</u></u>

The notes on pages 7 to 12 form an integral part of these financial statements

**Delta Oil (UK) Limited**  
**Balance Sheet as at 5 October 2006**

		2006		2005	
	Note	£	£	£	£
<b>Fixed assets</b>					
Investments	6		29,905,000		62,223,382
<b>Current assets</b>					
Debtors	7	19,254,622		20,520,697	
Cash at bank and in hand		<u>16,071</u>		<u>651,325</u>	
		19,270,693		21,172,022	
<b>Creditors: Amounts falling due within one year</b>	8	<u>(48,500,655)</u>		<u>(90,808,307)</u>	
<b>Net current liabilities</b>			<u>(29,229,962)</u>		<u>(69,636,285)</u>
<b>Total assets less current liabilities</b>			675,038		(7,412,903)
<b>Creditors: Amounts falling due after more than one year</b>	9		<u>(4,333,840)</u>		<u>(18,975,897)</u>
<b>Net liabilities</b>			<u>(3,658,802)</u>		<u>(26,388,800)</u>
<b>Capital and reserves</b>					
Called up share capital	10		100		100
Revaluation reserve	11		41,504,780		-
Profit and loss reserve	11		<u>(45,163,682)</u>		<u>(26,388,900)</u>
<b>Equity shareholders' deficit</b>			<u>(3,658,802)</u>		<u>(26,388,800)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board on 15 January 2008 and signed on its behalf by



P J Beck  
Director

The notes on pages 7 to 12 form an integral part of these financial statements



## **Delta Oil (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 5 October 2006**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

##### **Cash flow statement**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement

##### **Going concern**

These financial statements have been prepared on a going concern basis

##### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value. The market value of listed investments included in the balance sheet at historical cost is £0

##### **Foreign currencies**

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account

#### **2 Operating profit/(loss)**

Operating profit/(loss) is stated after charging/(crediting)

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit services	2,000	2,000
Foreign currency losses/(gains)	758,472	(892,195)
Profit on disposal of fixed asset investments	<u>(37,871,790)</u>	<u>(2,249,394)</u>

**Delta Oil (UK) Limited**  
**Notes to the Financial Statements for the Year Ended 5 October 2006**

*continued*

**3 Directors' emoluments**

The directors' emoluments for the year are as follows

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Directors' emoluments (including benefits in kind)	<u>11,031,188</u>	<u>27,133,769</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £11,031,188 (2005 - £27,133,769)

**4 Particulars of employees**

The aggregate payroll costs of these persons were as follows

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<u>11,031,188</u>	<u>27,133,769</u>

**5 Dividends**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Ordinary dividend paid	<u>43,465,614</u>	<u>-</u>

**Delta Oil (UK) Limited**  
**Notes to the Financial Statements for the Year Ended 5 October 2006**

*continued*

**6 Investments held as fixed assets**

	<b>Listed non-group shares £</b>	<b>Unlisted non-group shares £</b>	<b>Total £</b>
<b>Cost</b>			
As at 6 October 2005	2,413,382	59,810,000	62,223,382
Revaluation	41,504,780	-	41,504,780
Additions	1,931,184	-	1,931,184
Disposals	<u>(45,849,346)</u>	<u>(29,905,000)</u>	<u>(75,754,346)</u>
As at 5 October 2006	<u>-</u>	<u>29,905,000</u>	<u>29,905,000</u>
<b>Net book value</b>			
As at 5 October 2006	<u>-</u>	<u>29,905,000</u>	<u>29,905,000</u>
As at 5 October 2005	<u>2,413,382</u>	<u>59,810,000</u>	<u>62,223,382</u>

Market value of listed investments at 5 October 2006 - £nil (2005 £47,934,471) On 21 March 2006 the listed shares were revalued to the current market value, prior to distribution by way of dividend to the immediate parent company

**Unlisted investments**

**Delta Oil Futures Limited**

The Company sold its entire shareholding in Delta Oil Futures Limited on 14 October 2005 realising a net gain of £29,912,351

**Delta Oil Capital Limited**

The issued share capital of Delta Oil Capital Limited is £100,000 ordinary £1 A shares and £1,000 10p B shares The B shares have no voting rights At 5 October 2006 the company's investment in Delta Oil Futures Limited comprised 99.5% of the issued B shares The aggregate amount of capital and reserves of Delta Oil Capital Limited is £30,005,000 and the profit per the latest management accounts is £nil

**Delta Oil (UK) Limited**  
**Notes to the Financial Statements for the Year Ended 5 October 2006**

*continued*

**7 Debtors**

	2006 £	2005 £
Other debtors	<u>19,254,622</u>	<u>20,520,697</u>

Debtors includes £19,254,622 (2005 - £20,520,697) receivable after more than one year

This can be analysed as follows

	2006 £	2005 £
Other debtors	<u>19,254,622</u>	<u>20,520,697</u>

**8 Creditors: Amounts falling due within one year**

	2006 £	2005 £
Bank loans and overdrafts	-	89,715,000
Other creditors	47,500,655	316,270
Director current accounts	1,000,000	750,000
Accruals and deferred income	-	27,037
	<u>48,500,655</u>	<u>90,808,307</u>

The bank loans and overdrafts are secured

**9 Creditors: Amounts falling due after more than one year**

	2006 £	2005 £
Director current accounts	<u>4,333,840</u>	<u>18,975,897</u>

**Delta Oil (UK) Limited**  
**Notes to the Financial Statements for the Year Ended 5 October 2006**

*continued*

**10 Share capital**

	2006 £	2005 £
<b>Authorised</b>		
<b>Equity</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**11 Reserves**

	Revaluation reserve £	Profit and loss reserve £	Total £
Balance at 6 October 2005	-	(26,388,900)	(26,388,900)
Other reserves movement	41,504,780	-	41,504,780
Transfer from profit and loss account for the year	-	24,690,832	24,690,832
Equity dividends paid	-	(43,465,614)	(43,465,614)
Balance at 5 October 2006	<u>41,504,780</u>	<u>(45,163,682)</u>	<u>(3,658,902)</u>

## **Delta Oil (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 5 October 2006**

*continued*

#### **12 Related parties**

##### **Controlling entity**

The issued share capital is owned by Delta Oil 2005 Number Three Limited, a company ultimately controlled by Sheikh B M Al-Aiban

##### **Related party transactions**

At the balance sheet date the company owed Delta Oil Services (UK) Limited £871,546 (5 October 2005 - £288,397), a company which is under the control of B M Al-Aiban. The loan is interest free and there are no fixed repayment terms.

At the balance sheet date the company owed Midad Investments Limited (a company incorporated in Cyprus) £16,551,716 (5 October 2005 £nil), a company which is under the control of B M Al-Aiban. The loan is interest free and there are no fixed repayment terms.

The unlisted investments, as detailed in note 6 to the accounts are under the control of B M Al-Aiban. At the balance sheet date the company owed Delta Oil Capital Limited £30,073,392 (5 October 2005 - £nil). This amount has subsequently been waived as detailed in note 13 below.

##### **Director's loan account**

The following balance owed to the director was outstanding at the year end

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
B M Al-Aiban	<u>5,333,840</u>	<u>19,725,897</u>

##### **Directors' loan accounts**

£1,000,000 is included in creditors due within one year (5 October 2005 £750,000). The balance is included in creditors due within one year and is interest free with no fixed repayment terms.

#### **13 Post balance sheet events**

On 12 October 2007 a deed of waiver was entered into between the company and Delta Oil Capital Ltd. It was agreed to waive payment of the amount of £30,073,392 outstanding at the balance sheet date. In these circumstances, full provision should be made for loss in value of the company's investment in Delta Oil Capital Ltd shown at cost of £29,905,000 in fixed assets.

**Delta Oil (UK) Limited**  
**Detailed Profit and Loss Account for the Year Ended 5 October 2006**

	2006	2005
	£	£
<b>Turnover</b>	-	-
<b>Other operating income</b>		
Profit on disposal of fixed asset investments	37,871,790	2,249,394
<b>Staff costs</b>		
Directors salaries	250,000	250,000
Directors bonuses	10,781,188	26,883,769
Saudi office wages	<u>45,273</u>	<u>117,960</u>
	(11,076,461)	(27,251,729)
<b>Other operating charges</b> ( <i>analysed below</i> )	<u>(1,955,791)</u>	<u>(910,949)</u>
<b>Operating profit/(loss)</b>	24,839,538	(25,913,284)
<b>Other interest receivable and similar income</b>		
Bank interest receivable	-	25,567
<b>Interest payable and similar charges</b>		
Bank loan interest payable	(27,037)	27,037
Loan interest	<u>175,743</u>	<u>-</u>
	<u>(148,706)</u>	<u>(27,037)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>	<u>24,690,832</u>	<u>(25,914,754)</u>
<b>Profit/(loss) for the financial year</b>	<u>24,690,832</u>	<u>(25,914,754)</u>
<b>Retained profit/(loss) for the financial year</b>	<u><u>24,690,832</u></u>	<u><u>(25,914,754)</u></u>

This page does not form part of the statutory financial statements

**Delta Oil (UK) Limited**  
**Detailed Profit and Loss Account for the Year Ended 5 October 2006**

*continued*

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Other operating charges</b>		
Rent	22,379	3,213
Light, heat and power	316	109
Insurance	436	371
Saudi office	17,589	60,444
Telephone and fax	18,020	22,318
Office expenses	295	294
Computer software and maintenance costs	265	121
Printing, postage and stationery	516	464
Travel and subsistence	202,358	591,412
Promotional expenses	12,645	13,757
Accountancy fees	-	3,900
Auditors remuneration	2,000	2,000
Consultancy fees	85,415	107,612
Legal and professional fees	824,555	899,159
Bank charges	10,530	25,755
Bank custody and other charges	-	72,215
Foreign currency (losses)/gains	758,472	(892,195)
	<u>1,955,791</u>	<u>910,949</u>

This page does not form part of the statutory financial statements