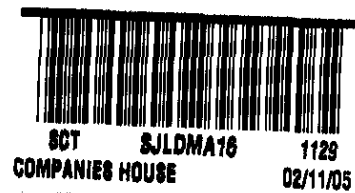


Regency Oils Limited

Report and Abbreviated Accounts

31 May 2005

 **ERNST & YOUNG**



Independent auditors' report

to Regency Oils Limited under section 247B of the Companies Act 1985

We have examined the company's abbreviated accounts for the year ended 31 May 2005 which comprise the Abbreviated Balance Sheet and the related notes 1 to 4, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 May 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company pursuant to Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts are properly prepared in accordance with those provisions.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Inverness

1 November 2005


Abbreviated balance sheet

at 31 May 2005


	Notes	2005 £	2004 (restated) £
Fixed assets	2		
Tangible assets		964,760	971,188
Current assets			
Stocks		150,738	82,870
Debtors		1,070,575	773,888
Investments		35,585	48,200
Cash at bank and in hand		75,231	178,409
		1,332,129	1,083,367
Creditors: amounts falling due within one year	3	1,575,497	1,459,320
Net current liabilities		(243,368)	(375,953)
Total assets less current liabilities		721,392	595,235
Creditors: amounts falling due after more than one year		36,860	44,183
Provisions for liabilities and charges		25,191	26,413
		659,341	524,639
Capital and reserves			
Called-up equity share capital	4	150,000	150,000
Revaluation reserve		98,182	97,334
Profit and loss account		411,159	277,305
Shareholders' funds		659,341	524,639

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 28/10/2005 and are signed on their behalf by:



 R S Milne
 Director



 R S Milne, Jnr
 Director

28/10/2005

Notes to the abbreviated accounts

at 31 May 2005

1. Accounting policies

Accounting convention

The full financial statements, from which these abbreviated accounts have been extracted, are prepared under the historical cost convention, modified to include the revaluation of land, buildings and investments, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Fixed assets

All fixed assets are initially recorded at cost. Land and buildings were revalued by the directors at 31 May 1998 at market value on an existing use basis. In line with the FRSSE, the revalued assets have been frozen at their pre March 2000 value.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, net of anticipated disposal proceeds based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Heritable property	- 50 years straight line
Leasehold property	- straight line, over the term of the lease
Plant & machinery	- 15% straight line and 5% reducing balance
Fixtures & fittings	- 15% straight line
Motor vehicles	- 10-25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay loss or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

Notes to the abbreviated accounts

at 31 May 2005

1. Accounting policies (continued)

Current asset investments

Starting in 2005, current asset investments are valued at their market value at the period end. In previous years they had been valued at the lower of cost and net realisable value.

No prior year adjustment has been made for the effect of this change in accounting policy because the uplift in value at 31 May 2004 would have been only £468.

2. Fixed assets

	<i>Tangible Assets £</i>
<i>Cost or valuation</i>	
At 1 June 2004	1,220,710
Additions	38,141
At 31 May 2005	<u>1,258,851</u>
<i>Depreciation</i>	
At 1 June 2004	249,522
Charge for year	44,569
At 31 May 2005	<u>294,091</u>
<i>Net book value</i>	
At 31 May 2005	<u>964,760</u>
At 31 May 2004	<u>971,188</u>

3. Creditors: amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Trade creditors	<u>440,567</u>	<u>1,218,572</u>

4. Share capital

	2005 £	<i>Authorised 2004 £</i>
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

	No.	<i>Allotted, called up and fully paid 2005 £</i>	No.	<i>2004 £</i>
Ordinary shares of £1 each	150,000	<u>150,000</u>	150,000	<u>150,000</u>