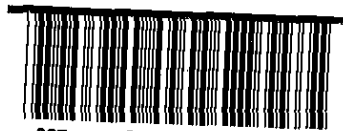


SC71949

# Regency Oils Limited

Report and Accounts

31 May 2002



SCT S76D4GMO 0257  
COMPANIES HOUSE 10/12/02

# Regency Oils Limited

---

Registered No. 71949

## **DIRECTORS**

R S Milne  
R S Milne, Jnr

## **SECRETARY**

M Bruce

## **AUDITORS**

Ernst & Young LLP  
Moray House  
16 Bank Street  
Inverness  
IV1 1QY

## **BANKERS**

Royal Bank of Scotland plc  
10 Marischal Street  
Peterhead

## **SOLICITORS**

Paull & Williamsons  
6 Union Row  
Aberdeen  
AB9 8DQ

## **REGISTERED OFFICE**

15 Marine Place  
Buckie  
AB56 1UT

 **ERNST & YOUNG**

# Regency Oils Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 May 2002.

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company are oil and fuel distribution, investment dealing and property.

The company has had a satisfactory year recording a profit after tax of £48,667. This amount will be transferred to reserves. No dividend is proposed.

### DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, the directors' interests in the ordinary share capital of the company were as follows:

	31 May 2002	1 June 2001
R S Milne	100,000	100,000
R S Milne, Jnr	50,000	50,000

### DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year, which 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 those accounts, the directors are required to:

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

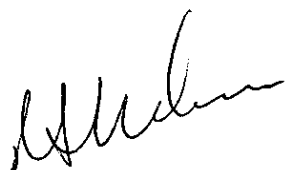
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

Director

  
9/12/02

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REGENCY OILS LIMITED**

We have audited the company's financial statements for the year ended 31 May 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company 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.

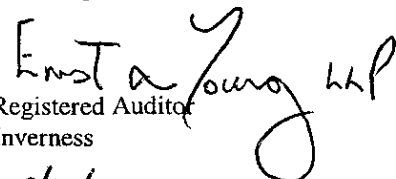
### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Registered Auditor  
Inverness  
9/12/2002

# Regency Oils Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 May 2002

	Notes	2002 £	2001 £
<b>TURNOVER</b>	2	8,740,659	8,896,820
Cost of sales		8,079,253	8,308,696
Gross profit		661,406	588,124
Distribution costs		151,553	136,827
Administrative expenses		444,136	412,184
		595,689	549,011
<b>OPERATING PROFIT</b>	3	65,717	39,113
(Loss) on disposal of tangible fixed assets		(6,646)	(2,932)
		59,071	36,181
Income from investments		20,634	25,489
Interest payable and similar charges	5	(15,788)	(20,507)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		63,917	41,163
Taxation	6	15,250	13,731
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>	15	£48,667	£27,432
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			

There were no recognised gains or losses other than the profit attributable to shareholders of £48,667 (2001 – profit £27,432).

### Note of historical cost profits and losses:

	2002 £	2001 £
Reported profit on ordinary activities before taxation	63,917	41,163
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	3,004	3,004
	66,921	44,167
Historical cost profit for the year retained after taxation	£51,671	£30,436

# Regency Oils Limited

## BALANCE SHEET

as at 31 May 2002

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,010,163	932,567
<b>CURRENT ASSETS</b>			
Stocks	8	100,007	134,229
Investments	9	45,094	43,279
Debtors	10	697,415	491,836
Cash at bank and in hand		105,262	300
		947,778	669,644
<b>CREDITORS - amount falling due within one year</b>	11	1,493,488	1,258,915
<b>NET CURRENT (LIABILITIES)</b>		(545,710)	(589,271)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		464,453	343,296
<b>CREDITORS - amount falling due after more than one year</b>			
Obligations under finance leases and hire purchase contracts	12	80,467	12,614
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	13	21,237	16,600
		£362,749	£314,082
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	14/15	150,000	150,000
Revaluation reserve	15	103,342	106,346
Profit and loss account	15	109,407	57,736
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		£362,749	£314,082

 )  
 ) Directors

9/12/02

# Regency Oils Limited

## STATEMENT OF CASH FLOWS for the year ended 31 May 2002

	<i>Notes</i>	2002 £	2001 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	16(a)	291,167	122,374
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	16(b)	3,031	13,503
<b>TAXATION</b>	16(b)	(12,226)	(5,118)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	16(b)	(118,334)	(24,600)
<b>FINANCING</b>	16(b)	86,051	(17,778)
<b>INCREASE IN CASH</b>		<u>£249,689</u>	<u>£88,381</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
		2002 £	2001 £
Increase in cash		249,689	88,381
Cash used to repay capital element of finance lease and hire purchase payments		20,697	27,978
Loans repaid		1,122	-
Change in net debt resulting from cash flows		<u>271,508</u>	<u>116,359</u>
New finance leases and hire purchase contracts		(107,870)	(10,200)
<b>MOVEMENT IN NET DEBT</b>		<u>163,638</u>	<u>106,159</u>
<b>NET DEBT AT 1 JUNE</b>	16(c)	(269,385)	(375,544)
<b>NET DEBT AT 31 MAY</b>	16(c)	<u>£(105,747)</u>	<u>£(269,385)</u>

NOTES TO THE ACCOUNTS

at 31 May 2002

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention, modified to include the revaluation of heritable properties.

*Depreciation*

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, less estimated residual value, 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 and machinery	-	15% straight line and 5% reducing balance
Fixtures and fittings	-	15% straight line
Motor vehicles	-	10-25% reducing balance

*Investments*

Current asset investments are carried in the balance sheet at the lower of cost or market value.

*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.

*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 less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

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.



# Regency Oils Limited

## NOTES TO THE ACCOUNTS

at 31 May 2002

### 2. TURNOVER

Turnover, which is stated net of value added tax and arises from continuing activities, represents amounts invoiced to third parties.

### 3. OPERATING PROFIT is stated after charging:

	2002 £	2001 £
Depreciation of owned fixed assets	25,172	25,662
Depreciation of assets held under finance leases and hire purchase contracts	8,920	8,430
Total depreciation	34,092	34,092
Directors' remuneration	42,705	43,500
Auditors' remuneration	3,255	3,100

### 4. STAFF COSTS

	2002 £	2001 £
Wages and salaries	260,708	235,388
Social security costs	16,912	15,247
	£277,620	£250,635

The monthly average number of employees during the year was as follows:

	No.	No.
Administration	6	6
Other	20	19
	26	25

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank loans and overdrafts	8,068	10,970
Other loans	4,800	4,802
Finance charges payable under finance leases and hire purchase contracts	2,920	4,735
	£15,788	£20,507

# Regency Oils Limited

## NOTES TO THE ACCOUNTS

at 31 May 2002

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### a) Analysis of charge in period

	2002	2001
	£	£
<i>Current tax</i>		
UK corporation tax on profits of the period	10,787	12,400
Adjustments in respect of previous periods	(174)	(269)
Total current tax	10,613	12,131
<i>Deferred tax</i>		
Originating and reversal of timing differences	4,637	1,600
Total deferred tax	4,637	1,600
Tax on profit on ordinary activities	15,250	13,731

#### b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	63,917	41,163
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2001: 20%)	12,783	8,233
Effects of:		
Expenses not deductible for tax purposes	5,027	3,452
Capital allowances for period in excess of depreciation	(8,133)	1,716
Adjustments to tax charge in respect of previous periods	(174)	(269)
Other adjustments	1,110	(1,001)
Current tax charge for period ((a) above)	10,613	12,131

# Regency Oils Limited

## NOTES TO THE ACCOUNTS at 31 May 2002

### 7. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i>		<i>Fixtures and fittings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>Owned</i>	<i>Leased</i>				
	£	£	£	£	£	£
Cost or valuation:						
1 June 2001	655,777	110,000	40,183	135,776	124,091	1,065,827
Additions	8,500	-	137	8,500	106,797	123,934
Disposals	-	-	-	-	(22,000)	(22,000)
At 31 May 2002	664,277	110,000	40,320	144,276	208,888	1,167,761
Depreciation:						
At 1 June 2001	56,803	5,402	12,815	27,817	30,423	133,260
Charge for period	9,624	1,380	4,320	5,016	13,752	34,092
Eliminated on disposals	-	-	-	-	(9,754)	(9,754)
At 31 May 2002	66,427	6,782	17,135	32,833	34,421	157,598
Net book value:						
At 31 May 2002	£597,850	£103,218	£23,185	£111,443	£174,467	£1,010,163
At 1 June 2001	£598,974	£104,598	£27,368	£107,959	£93,668	£932,567

The net book value of fixed assets above includes the following amounts in respect of assets held under finance leases and hire purchase contracts.

	<i>Fixtures and fittings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Net book value at 1 June 2001	10,110	11,597	24,251	45,958
Additions	-	-	106,797	106,797
Hire purchase contracts complete	-	-	(12,246)	(12,246)
Depreciation	(1,516)	(594)	(6,810)	(8,920)
Net book value at 31 May 2002	£8,594	£11,003	£111,992	£131,589

# Regency Oils Limited

## NOTES TO THE ACCOUNTS at 31 May 2002

### 7. TANGIBLE FIXED ASSETS (continued)

The company's land and buildings were revalued by the directors at 31 May 1998 at market value on existing use basis. If they had not been revalued, these would have been included in the accounts as follows:

	2002 £	2001 £
Cost	585,782	577,282
Accumulated depreciation	92,166	84,166
Net book value	<u>493,616</u>	<u>£493,116</u>

In line with FRS15, the revalued assets have been frozen at their pre March 2000 value.

### 8. STOCKS

	2002	2001
Fuel	<u>£100,007</u>	<u>£134,229</u>

### 9. INVESTMENTS

	2002 £	2001 £
Listed on London Stock Exchange		
Cost:		
At 1 June 2001	54,095	54,095
Additions	-	-
Provisions against investment	(9,001)	(10,816)
At 31 May 2002	<u>£45,094</u>	<u>£43,279</u>
Listed investments - market value	<u>£45,094</u>	<u>£43,279</u>

Taxation on potential capital gain if sold at valuation - £Nil.

### 10. DEBTORS

	2002 £	2001 £
Trade debtors	630,142	427,570
Other debtors	41,798	35,296
Prepayments	25,475	28,970
	<u>£697,415</u>	<u>£491,836</u>

# Regency Oils Limited

## NOTES TO THE ACCOUNTS at 31 May 2002

### 11. CREDITORS - amounts falling due within one year

	2002 £	2001 £
Bank overdraft	-	144,727
Obligations under finance leases and hire purchase contracts (note 12)	35,540	16,220
Trade creditors	1,286,119	965,872
Loans	95,002	96,124
Corporation tax	10,787	12,400
Other taxes and social security costs	5,580	4,481
Accruals	60,460	19,091
	<u>£1,493,488</u>	<u>£1,258,915</u>

The bank overdraft is secured by a bond and floating charge over all the assets of the company.

The bank also holds a standard security over the fixed assets other than a filling station in Ellon over which Texaco holds a standard security.

Texaco hold a first ranking bond and floating charge for £625,000 plus interest and charges in respect of book debts.

### 12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2002 £	2001 £
Amounts payable:		
Within one year	40,655	18,559
In two to five years	92,783	14,614
	<u>133,438</u>	<u>33,173</u>
Less: finance charges allocated to future periods	17,431	4,339
	<u>£116,007</u>	<u>£28,834</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 11)	35,540	16,220
Non-current obligations	80,467	12,614
	<u>£116,007</u>	<u>£28,834</u>

# Regency Oils Limited

## NOTES TO THE ACCOUNTS

at 31 May 2002

### 13. PROVISION FOR LIABILITIES AND CHARGES

The movement in the deferred tax provision during the period was:

	2002 £	2001 £
Provision brought forward	16,600	15,000
Increase in provision	4,637	1,600
	<u>£21,237</u>	<u>£16,600</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002	2001
Excess of taxation allowances over depreciation on fixed assets	<u>£21,237</u>	<u>£16,600</u>

### 14. CALLED-UP SHARE CAPITAL

	Authorised 2002 and 2001	Allotted called up and fully paid 2002 and 2001
Ordinary shares of £1 each	<u>250,000</u>	<u>£150,000</u>

### 15. SHARE CAPITAL, MOVEMENT IN RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital £	Profit & Loss Account £	Re- valuation Reserve £	Total Share- holders Funds £
Balance at 31 May 2000	150,000	27,300	109,350	286,650
Profit attributable to shareholders	-	27,432	-	27,432
Transfer of excess depreciation on revaluation	-	3,004	(3,004)	-
At 31 May 2001	<u>150,000</u>	<u>57,736</u>	<u>106,346</u>	<u>314,082</u>
Profit attributable to shareholders	-	48,667	-	48,667
Transfer of excess depreciation on revaluation	-	3,004	(3,004)	-
At 31 May 2002	<u>£150,000</u>	<u>£109,407</u>	<u>£103,342</u>	<u>£362,749</u>

# Regency Oils Limited

## NOTES TO THE ACCOUNTS

at 31 May 2002

### 16. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	2002 £	2001 £
Operating profit	65,717	39,113
Depreciation	34,092	34,092
(Increase)/decrease in debtors	(205,579)	60,604
(Increase)/decrease in stocks	34,222	(27,550)
Increase in creditors	362,715	16,115
Net cash (outflow)/inflow from operating activities	<u>£291,167</u>	<u>£122,374</u>

#### (b) Analysis of cash flows for headings netted in the statement of cash flows

	2002 £	2001 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Investment income	18,819	34,010
Interest paid	(15,788)	(20,507)
	<u>£3,031</u>	<u>£13,503</u>
<b>TAXATION</b>		
Corporation tax paid	<u>£(12,226)</u>	<u>£(5,118)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Payment to acquire tangible fixed assets	(123,934)	(24,900)
Receipts from sales of tangible fixed assets	5,600	300
Payments to acquire fixed asset investments	-	-
	<u>£(118,334)</u>	<u>£(24,600)</u>

# Regency Oils Limited

## NOTES TO THE ACCOUNTS

at 31 May 2002

### 16. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2002 £	2001 £
<b>FINANCING</b>		
Repayments of capital element of finance leases and hire purchase contracts	(20,697)	(27,978)
Loan repayments	(1,122)	-
Hire purchase facilities taken over and new agreements	107,870	10,200
	<u>£86,051</u>	<u>£(17,778)</u>

(c) Analysis of changes in net debt

	At 1 May 2001 £	Cash flow £	Other changes £	At 31 May 2002 £
Cash at bank and in hand	300	104,962	-	105,262
Bank overdraft	(144,727)	144,727	-	-
Loans	(96,124)	1,122	-	(95,002)
Finance leases and hire purchase contracts	(28,834)	20,697	(107,870)	(116,007)
	<u>£(269,385)</u>	<u>£271,508</u>	<u>£(107,870)</u>	<u>£(105,747)</u>

### 17. OTHER FINANCIAL COMMITMENTS

At 31 May 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2002	2001
Operating leases which expire: In over five years	£7,650	£7,650

### 18. PARTICULARS OF TRANSACTION INVOLVING THE DIRECTOR

At 1 June 2001, the company owed R S Milne £96,124. £1,122 was repaid in the year. At 31 May 2002, the company owed him £95,002. Interest charged on this loan at 5% included in accruals at 31 May 2002 amounted to £4,800.

### 19. CONTROLLING PARTY

The company is controlled by R S Milne.