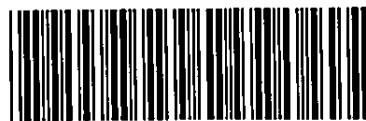


**Aberdeen Oils Limited**

**Report and Financial Statements**  
**for the year ended 31 December 2011**

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**Aberdeen Oils Limited**

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**Company Information**

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**Directors** G G M Shand  
L W Farmer (resigned 31 August 2011)  
Mrs I Cruden

**Company secretary** Ledingham Chalmers LLP

**Company number** SC220344

**Registered office** Kintail House  
Beechwood Business Park  
Inverness  
IV2 3BW

**Auditors** Ernst & Young LLP  
Barony House  
Stoneyfield Business Park  
Stoneyfield  
Inverness  
IV2 7PA

**Bankers** Royal Bank of Scotland  
29 Harbour Road  
Inverness  
IV1 1NU

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**Aberdeen Oils Limited**

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**Contents**

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	Page
<b>Directors' report</b>	1 - 2
<b>Directors' responsibilities statement</b>	3
<b>Independent auditors' report</b>	4 - 5
<b>Profit and loss account</b>	6
<b>Balance sheet</b>	7
<b>Notes to the financial statements</b>	8 - 11

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## **Aberdeen Oils Limited**

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### **Directors' report for the year ended 31 December 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011.

#### **Principal activities**

The principal activity of the company during the year was that of the wholesale of fuels and related products.

#### **Business review**

Turnover has decreased by 17% due to a decrease in the volume of fuel sales.

Total operating profit before exceptional items decreased by 38% during the year mostly as a result of the decrease in fuel sales.

Profit after tax shows a reduction of 36.6% compared with the prior year all of which was due to downturn in trading.

After carrying forward retained profits for 2011 of £254,336, Shareholder's funds have risen by 18% to £1,683,280.

#### **Results**

The profit for the year, after taxation, amounted to £254,336 (2010 - £401,228).

#### **Directors**

The directors who served during the year were:

G G M Shand  
L W Farmer (resigned 31 August 2011)  
Mrs I Cruden

#### **Future developments**

The directors intend to continue with the management policies which have resulted in significant business growth in recent years. This essentially involves organic growth combined with appropriate synergetic acquisitions as and when suitable opportunities arise.

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

- **Health safety and environment**

The nature of the group's activities are such that the highest standards of health,safety,and environmental stewardship is of the essence. Accordingly the provision of best practice training is a top priority and every precaution is taken otherwise to miimise risk. A full log is maintained of any occurrences for review by the Board of Directors. No major incidents were recorded during the period under review.

- **Competitive risks**

The group operates in a highly competitive environment but is not exposed to over reliance on a small number of customers nor to a particular business sector. It also seeks to encourage customer loyalty by providing the highest practicable standard of service.

- **Credit risks**

In order to minimise risk of loss through customers defaulting a robust credit assessment and management process is in place,which includes credit insurance in appropriate circumstances.

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**Aberdeen Oils Limited**

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**Directors' report  
for the year ended 31 December 2011**

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- **Liquidity and cash flow risk**

In addition to diligent credit control the group's banking facilities have been structured to provide maximum flexibility to meet its trading needs.

**Employee involvement**

The company strives to ensure employees are kept fully informed of all relevant matters affecting their employment.

**Disabled employees**

The group gives full consideration to applications for employment from disabled persons whose experience and qualifications are suitable. A similar non-discriminatory policy is adopted in relation to training and career development opportunities.

**Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

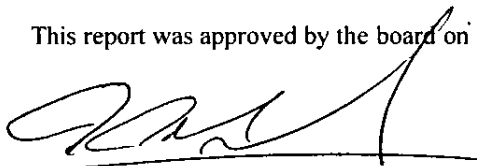
**Auditors**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on:

29 May 2012

and signed on its behalf.



**G G M Shand**  
**Director**

**Directors' responsibilities statement  
for the year ended 31 December 2011**

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The directors are responsible for preparing the Directors' 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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Independent auditors' report to the members, as a body, of Aberdeen Oils Limited**

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We have audited the financial statements of Aberdeen Oils Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

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

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Aberdeen Oils Limited

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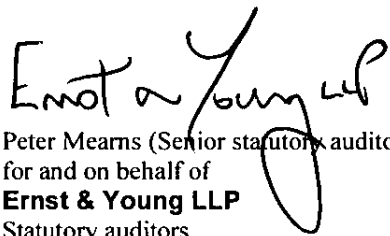
**Independent auditors' report to the members, as a body, of Aberdeen Oils Limited**

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

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

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

  
Peter Mearns (Senior statutory auditor)  
for and on behalf of  
**Ernst & Young LLP**  
Statutory auditors  
Inverness  
Date: 29/5/2012



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**Aberdeen Oils Limited**

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**Profit and loss account  
for the year ended 31 December 2011**

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	<i>Note</i>	<i>2011</i> £	<i>2010</i> £
<b>Turnover</b>	1,2	36,739,019	44,304,723
Cost of sales		(35,897,019)	(43,029,831)
<b>Gross profit</b>		842,000	1,274,892
Distribution costs		(348,601)	(589,775)
Administrative expenses		(145,189)	(126,860)
<b>Operating profit</b>	3	348,210	558,257
Interest receivable and similar income	2	-	-
Interest payable and similar charges	5	(2,176)	(761)
<b>Profit on ordinary activities before taxation</b>		346,036	557,496
Tax on profit on ordinary activities	6	(91,700)	(156,268)
<b>Profit for the financial year</b>	10	254,336	401,228

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account.

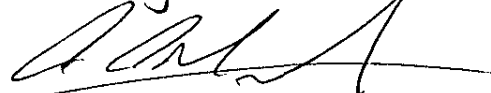
The notes on pages 8 to 11 form part of these financial statements.

Balance sheet  
as at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>Current assets</b>					
Debtors	7	4,877,886		4,514,954	
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,194,606)</u>		<u>(3,086,010)</u>	
<b>Net current assets</b>			1,683,280		1,428,944
<b>Total assets less current liabilities</b>			<u>1,683,280</u>		<u>1,428,944</u>
<b>Capital and reserves</b>					
Called up share capital	9		1		1
Profit and loss account	10		<u>1,683,279</u>		<u>1,428,943</u>
<b>Shareholders' funds</b>	11		<u>1,683,280</u>		<u>1,428,944</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29 May 2012.



G G M Shand  
Director

The notes on pages 8 to 11 form part of these financial statements.

**Notes to the financial statements  
for the year ended 31 December 2011**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**1.3 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

**2. Turnover**

All turnover arose within the United Kingdom.

**3. Operating profit**

Auditors remuneration for Aberdeen Oils Limited has been paid by the parent company.

**4. Staff costs**

The company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL).

**5. Interest payable**

	2011 £	2010 £
On bank loans and overdrafts	2,176	761

Notes to the financial statements  
for the year ended 31 December 2011

6. Taxation

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	91,700	156,099
Adjustments in respect of prior periods	-	169
<b>Tax on profit on ordinary activities</b>	<u>91,700</u>	<u>156,268</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	<u>346,036</u>	<u>557,496</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	91,700	156,099
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	-	169
<b>Current tax charge for the year (see note above)</b>	<u>91,700</u>	<u>156,268</u>

**Factors that may affect future tax charges**

The Finance Bill 2012 includes legislation to reduce the annual rate of corporation tax from 26% to 24% from 1 April 2012. Further reductions to the annual rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2013 and to 22% by 1 April 2014.

This will affect the corporation tax payable in the future.

7. Debtors

	2011 £	2010 £
Trade debtors	4,124,685	4,310,910
Amounts owed by group undertakings	723,024	155,803
Prepayments and accrued income	30,177	48,241
	<u>4,877,886</u>	<u>4,514,954</u>

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**Aberdeen Oils Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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

	2011 £	2010 £
Bank loans and overdrafts	-	13,662
Trade creditors	2,771,523	2,381,935
Corporation tax	38,700	156,099
Accruals and deferred income	384,383	534,314
	<u>3,194,606</u>	<u>3,086,010</u>

Aberdeen Oils Limited's trade debtors are subject to a security in favour of The Royal Bank of Scotland Commercial Services Limited, under an invoice discounting (with recourse) agreement. The company has also granted a bond and floating charge in favour of RBS Invoice Finance Limited. The facility bears interest at 2.5% over bank base rate up to the agreed facility.

**9. Share capital**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

**10. Reserves**

	<i>Profit and loss account</i> £
At 1 January 2011	1,428,943
Profit for the year	254,336
	<u>1,683,279</u>
At 31 December 2011	

**11. Reconciliation of movement in shareholders' funds**

	2011 £	2010 £
Opening shareholders' funds	1,428,944	1,027,716
Profit for the year	254,336	401,228
	<u>1,683,280</u>	<u>1,428,944</u>
Closing shareholders' funds		

**Notes to the financial statements  
for the year ended 31 December 2011**

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**12. Contingent liabilities**

The group's bankers, the Royal Bank of Scotland plc, hold a guarantee by Aberdeen Oils Limited in favour of Highland Fuels Limited, for the parent company's borrowings up to a limit of £750,000.

**13. Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard for Smaller Entities, not to disclose any transactions with entities that are part of the Group which qualify as related parties, on the grounds that it is a subsidiary undertaking where 100% of its voting rights are controlled within the Group. There were no other related party transactions.

**14. Ultimate parent undertaking and controlling party**

Highland Fuels Limited, a company registered in Scotland, is the intermediate parent company and the controlling party of the smallest group to consolidate the accounts of the company. Copies of these consolidated accounts may be obtained from the Registrar of Companies.

The directors regard Highland Fuels (Investments) Limited, a company registered in Scotland, as the ultimate parent company and controlling party. Copies of the parent's consolidated financial statements, which include the company, may be obtained from the Registrar of Companies.