

Petroineos Europe Limited
Annual report
for the year ended 31 December 2014

Registered number 5310655

FRIDAY



A4E84IW9

A11

21/08/2015

#414

COMPANIES HOUSE

Petroineos Europe Limited
Annual report
for the year ended 31 December 2014
Contents

Strategic report for the year ended 31 December 2014	1
Directors' report for the year ended 31 December 2014	2
Independent auditors' report to the members of Petroineos Europe Limited	5
Profit and loss account for the year ended 31 December 2014.....	8
Balance sheet at 31 December 2014.....	9
Statement of accounting policies.....	10
Notes to the financial statements for the year ended 31 December 2014	12

Petroineos Europe Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report on Petroineos Europe Limited for the year ended 31 December 2014.

Review of business and future developments

Petroineos Europe Limited provides support services to other companies in the Petroineos Group.

During 2014, the directors commenced a review of the remaining employment and other contracts with a view to transferring them to other Petroineos Group companies and this review will be completed in 2015.

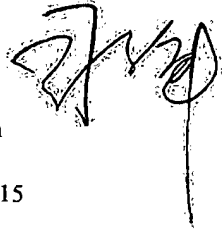
Key performance indicators (KPI's)

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using key performance indicators for the company is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of Petroineos Trading Limited, which includes the Company is discussed in the group's annual report which does not form part of this report.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Petroineos Trading Limited which include those of the Company are discussed in the group's annual report which does not form part of this report.

By order of the board



Si Bingjun
Director
31 July 2015

Petroineos Europe Limited

Directors' report for the year ended 31 December 2014

The directors present their report and audited financial statements of the Company for the year ended 31 December 2014.

Principal activities

The Company provides support services to other companies in the Petroineos Group.

Results and dividends

The profit for the financial year before taxation was \$21.6 million (2013: \$4.1 million). The directors do not propose the payment of a dividend (2013: \$nil).

Future developments

Future developments are discussed in the Strategic Report.

Financial risk management

The Company is funded internally by Petroineos Trading Limited and therefore has no direct exposure to price, credit, liquidity, interest rate or debt market risk.

Directors

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

Si Bingjun

J W Dawson

F Demay

L Yang

Y Luo

A Traynor (resigned 15 January 2015)

Q Teng

Employees

The Company has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Company encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company by issuing communications on the company intranet and holding employee information meetings hosted by the board.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Petroineos Europe Limited

Directors' report for the year ended 31 December 2014 (continued)

Health & safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Petroineos Europe Limited

Directors' report for the year ended 31 December 2014 (continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (i) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.
- (ii) each director has taken all the steps that he ought to have taken in his duty as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board



Si Bingjun
Director

31 July 2015

Registered number 5310655

Petroineos Europe Limited

Independent auditors' report to the members of Petroineos Europe Limited

Report on the financial statements

Our opinion

In our opinion, Petroineos Europe Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

The financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Petroineos Europe Limited

Independent auditors' report to the members of Petroineos Europe Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility,

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Petroineos Europe Limited

Independent auditors' report to the members of Petroineos Europe Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 July 2015

Petroineos Europe Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014	2013
		\$m	\$m
Turnover	2	-	55.3
Cost of sales		1.4	(58.2)
Gross profit / (loss)		1.4	(2.9)
Distribution costs		0.1	2.8
Administrative expenses		(0.1)	(3.1)
Operating profit / (loss)	3	1.4	(3.2)
Interest receivable and similar income	4	21.0	18.6
Interest payable and similar charges	5	(0.8)	(11.3)
Profit on ordinary activities before taxation		21.6	4.1
Tax on profit on ordinary activities	6	-	(0.5)
Profit for the financial year		21.6	3.6

It is the expectation that Petroineos Europe Limited will no longer have any significant trade having transferred the entire business activity to Petroineos Trading Limited in 2012.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

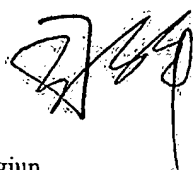
The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

Petroineos Europe Limited

Balance sheet at 31 December 2014

	Note	2014 \$m	2013 \$m
Current assets			
Debtors: amounts falling due within one year	8	802.4	764.2
Debtors: amounts falling due after more than one year	9	-	39.8
Cash at bank and in hand		0.1	0.4
		802.5	804.4
Creditors: amounts falling due within one year			
	10	-	(23.5)
Net current assets		802.5	780.9
Capital and reserves			
Called up share capital	11	0.1	0.1
Share premium account	12	714.2	714.2
Profit and loss account	12	88.2	66.6
Total shareholders' funds	13	802.5	780.9

The financial statements on pages 8 to 18 were approved by the board of directors on 31 July 2015 and were signed on its behalf by:



Si Bingjun
Director

Petroineos Europe Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The Company is consolidated within the financial statements of Petroineos Trading Limited, which are available from the company secretary (see note 16). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised 1996) Cash Flow Statements.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from monetary items are taken to the profit and loss account in the year in which they occur.

Turnover

Turnover, which is stated net of value added tax and sales taxes represent amounts invoiced to third parties and other Petroineos companies.

Pensions

The company participates in both a defined contribution pension scheme and a defined benefit pension scheme.

The defined benefit pension scheme was historically final salary in nature, with a normal retirement age of 60. The scheme is now closed to new entrants and frozen to future accrual. The scheme operates under trust law and are managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The assets of the scheme are held separately from those of the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

We are unable to split the assets and liabilities of the scheme between the respective companies and therefore the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full in the financial statements of Petroineos Manufacturing Scotland Limited. The contributions paid by Petroineos Europe Limited have been recognised in these financial statements as defined contribution.

Petroineos Europe Limited

Statement of accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014

1 Reporting currency

The financial statements are expressed in US dollars as the Company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in dollars.

The exchange rate as at 31 December 2014 was \$1.55602/£1 (2013: \$1.65271/£1).

2 Turnover

Turnover represents the revenue generated in the sale of refined products.

An analysis of turnover by geographic destination as follows:

	2014	2013
	\$m	\$m
By geographical area:		
UK	-	55.3
Total	-	55.3

3 Operating profit / (loss)

This is stated after charging / (crediting):

	2014	2013
	\$m	\$m
Reversal of demurrage / inspection accruals	(0.8)	-
Exchange loss	-	1.1

The fee for the audit of these financial statements is included in the fee of Petroineos Trading Limited for 2014. In 2013, the fee for the audit of \$98,314 was charged directly to the company.

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 Interest receivable and similar income

	2014	2013
	\$m	\$m
Interest income from group undertakings	21.0	18.6

5 Interest payable and similar charges

	2014	2013
	\$m	\$m
Interest payable on loans from group undertakings	0.8	11.3

6 Tax on profit on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows:

	2014	2013
	\$m	\$m
Current tax for the year		
UK corporation tax on profits of the year	-	0.9
Adjustments in respect of previous year	-	(0.4)
Tax on profit on ordinary activities	-	0.5

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014	2013
	\$m	\$m
Profit on ordinary activities before taxation	21.6	4.1
Current tax at 21.5% (2013: 23.25%)	4.6	0.9
Non taxable income not deductible for tax	(0.3)	-
Utilisation of assessed loss not previously recognised	(4.3)	-
Adjustments in respect of prior periods	-	(0.4)
Tax charge for current year	-	0.5

(c) Factors that may affect future tax charge

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Further reductions in the corporation tax rate, to 21% from 1 April 2014 and to 20% from 1 April 2015, were substantially enacted for accounting purposes on 2 July 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.5% and unrecognised deferred assets have been calculated at a rate of 20%. Deferred taxation assets are recognised to the extent it is likely that profits will be available in future periods. Deferred taxation assets are not recognised in respect of non trade loan relationship deficit of \$149.0 million (2013: \$169.2 million) on the basis that their future economic benefit is uncertain given the unpredictability of future profit streams. All tax losses, both recognised and unrecognised, can be carried forward indefinitely.

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Directors and employees

(a) Remuneration of directors

No directors had benefits accruing under a defined benefit pension scheme (2013: none).

No other directors received any fees or remuneration for services as a director of the Company during the financial year.

(b) Employee costs

The aggregate payroll costs of persons employed by the Company (including directors) during the year was:

	2014	2013
	\$m	\$m
Wages and salaries	2.4	2.6
Social security costs	0.3	0.3
Other pension costs – defined benefit scheme (note 15)	-	0.5
Other pension costs – defined contribution scheme (note 15)	0.2	-
	2.9	3.4

(c) Average monthly number of employees (including directors) during the year

	2014	2013
By activity:	Number	Number
Administration	20	20

8 Debtors: amounts falling due within one year

	2014	2013
	\$m	\$m
Amounts owed by group undertakings	802.3	764.1
Amounts owed by related parties	0.1	0.1
	802.4	764.2

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9 Debtors: amounts falling due after more than one year

	2014 \$m	2013 \$m
Amounts owed by group undertakings	-	39.8

10 Creditors: amounts falling due within one year

	2014 \$m	2013 \$m
Trade creditors	-	0.1
Amounts owed to group undertakings	-	2.3
Amounts owed to related parties	-	0.1
Taxation and social security	-	19.2
Accruals and deferred income	-	1.8
	-	23.5

11 Called up share capital

	2014 \$m	2013 \$m
Allotted and fully paid		
650,475,003 (2013: 650,475,003) ordinary shares of £0.0001 each	0.1	0.1

As the reporting currency of the Company is US dollars the share capital has been converted to dollars at the effective rate of exchange ruling at the date of issuance.

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Reserves

	Share Premium Account \$m	Profit and loss Account \$m
At 1 January 2014	714.2	66.6
Profit for the financial year	-	21.6
At 31 December 2014	714.2	88.2

13 Reconciliation of movements in shareholders' funds

	2014 \$m	2013 \$m
Opening shareholders' funds	780.9	777.3
Profit for the financial year	21.6	3.6
Closing shareholders' funds	802.5	780.9

14 Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related party disclosures", and has not disclosed transactions with group companies on the grounds that it is a wholly owned subsidiary. The consolidated financial statements of Petroineos Trading Limited are available from the company secretary (see note 16).

Petroineos Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

15 Pensions

The Company operates both a defined contribution pension scheme and a defined benefits pension scheme.

The defined benefit scheme covers employees of Petroineos Europe Limited, Petroineos Trading Limited and Petroineos Manufacturing Scotland Limited. The fund is managed by Trustees, who are directors of Innovene Trustee Limited which has a trust deed in favour of Petroineos Europe Limited. The full scheme has been included in the financial statements of Petroineos Manufacturing Scotland Limited as we are unable to split the assets and liabilities of the scheme by company. The majority of the employees who are participants in the pension scheme are employees of Petroineos Manufacturing Scotland Limited. Therefore the Company's pension contributions have been accounted for as an expense as if they were contributions to a defined contribution scheme and no further FRS 17 disclosures have been made in these financial statements with regards to the UK pension fund. On 31 December 2013 the defined pension plan was closed for future service accrual.

The most recent actuarial valuation of the scheme was carried out at 31 December 2011.

Defined Contribution plans

The Company participates in a defined contribution pension plan. The total expense relating to this plan in the current year was \$200,000 (2013:\$ nil).

16 Ultimate parent undertaking

The immediate parent undertaking of the Company is Petroineos Trading Limited, a company incorporated in Jersey and ultimate parent company is PetroChina Company Limited.

Petroineos Trading Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. PetroChina Company Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The financial statements of the smallest and largest group consolidating the Company may be obtained from:

The Secretary
Petroineos Trading Limited
5 Wilton Road
London
SW1V 1AN

The directors regard PetroChina International (London) Company Limited to be the ultimate UK registered controlling party (by virtue of their 50.1% shareholding in Petroineos Trading Limited).