

Azure Oil Services Limited

Director's report and unaudited financial statements

For the year ended 31 December 2012

Company registration number 02856486

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Azure Oil Services Limited

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Azure Oil Services Limited

Officers and registered office

Director: CJ Walters

Company secretary: DK Hines-Randle

Registered office: c/o Metal Surgery
Unit 9
Kernick Industrial Estate
Parkengue
PENRYN
Cornwall
TR10 9EP

Azure Oil Services Limited

Director's report

For the year ended 31 December 2012

The director presents his annual report and financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the company during the year were that of a supplier of marine and engineering maintenance services, metal fabrication, welding and manufacturing

Directors

The director who served the company during the year was as follows

CJ Walters

Post balance sheet events

An investment property was sold after the year end for £395,000, the revaluation reserve has been amended
The related mortgage of £316,246 was repaid

Negotiations for the sale of the land subject to the land remediation provision (see Note 13), will shortly be concluded. The purchaser will take over responsibility for any remediation work required and therefore the land remediation provision of £3.1 million has been eliminated in the 2012 accounts

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

By order of the Board



David K Hines-Randle
Company Secretary



Azure Oil Services Limited
c/o Metal Surgery
Unit 9 Kernick Industrial Estate
Parkengue
PENRYN
TR10 9EP

19 December 2013

Azure Oil Services Limited

Profit and loss account

For the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	1	595,706	440,450
Cost of sales		(504,843)	(285,587)
Gross profit		90,863	154,863
Administrative expenses		(537,384)	(470,516)
Other operating income	2	5,330	10,100
Operating loss before exceptional items		(441,191)	(305,553)
Exceptional item	13	3,100,000	-
Operating profit/(loss) after exceptional item		2,658,809	(305,553)
Interest receivable		1,510	1,587
Interest payable	4	(3,235)	(538)
Profit/(loss) on ordinary activities before taxation		2,657,084	(304,504)
Tax on loss on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation and loss for the financial year	18	2,657,084	(304,504)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

Azure Oil Services Limited

Balance sheet

As at 31 December 2012

	Notes	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	6		5,600		7,000
Tangible assets	7 & 8		1,042,420		1,129,464
			<u>1,048,020</u>		<u>1,136,464</u>
Current assets					
Stocks	9	147,192		135,454	
Debtors	10	2,387,895		2,850,981	
Cash at bank		599,921		469,433	
			<u>3,135,008</u>	<u>3,455,868</u>	
Creditors: amounts falling due within one year	11	(575,416)		(511,804)	
Net current assets			<u>2,559,592</u>		<u>2,944,064</u>
Total assets less current liabilities			<u>3,607,612</u>		<u>4,080,528</u>
Creditors: amounts falling due after more than one year	12		(610,000)		(610,000)
Provisions for liabilities and charges	13		-		(3,100,000)
Net assets			<u>2,997,612</u>		<u>370,528</u>
Capital and reserves					
Share capital	17		25,000		25,000
Profit and loss account	18		1,862,248		(794,836)
Other reserves	18		1,110,364		1,140,364
Equity shareholder's funds	19		<u>2,997,612</u>		<u>370,528</u>

Azure Oil Services Limited

Balance sheet

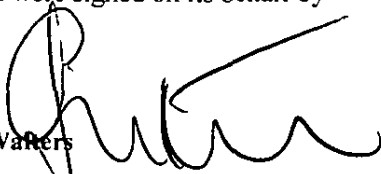
As at 31 December 2012

For the financial year ended 31 December 2012 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The director acknowledges his responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

These financial statements were approved by the Board of directors on 19 December 2013 and were signed on its behalf by


CJ Walters
Director

Company Registration No 02856486

Azure Oil Services Limited

Statement of total recognised gains and losses *For the year ended 31 December 2012*

	2012 £	2011 £
Profit/(loss) for the year	2,657,084	(304,504)
Unrealised deficit on revaluation of properties	(30,000)	-
Total gains and losses recognised since last financial statements	2,627,084	(304,504)

Azure Oil Services Limited

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 *Basis of accounting*

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company

1.2 *Turnover*

Turnover represents revenue recognised in the accounts. Revenue is recognised when the company fulfils its contractual obligations to customers by supplying goods and services and excludes trade discounts and value added tax

1.3 *Depreciation*

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Short leasehold property	10 years on cost
Plant and machinery	Between 4 and 50 years on cost

1.4 *Goodwill*

Acquired goodwill is written off over its estimated useful economic life

1.5 *Stocks*

Stocks are valued at the lower of cost and net realisable value

1.6 *Work in progress*

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

1.7 *Operating lease agreements*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

1.8 *Pension costs*

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charged to the profit and loss account represent the contributions payable by the company in respect of the accounting year

1.9 *Deferred taxation*

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

Azure Oil Services Limited

Notes

(forming part of the financial statements)

1 10 Investment Properties

In accordance with Statement of Standard Accounting Practice No 19

- investment properties are revalued annually by the directors on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve, and
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2 Other operating income

	2012 £	2011 £
Rent receivable	5,100	5,100
Other operating income	230	5,000
	<u>5,330</u>	<u>10,100</u>

3 Operating profit/(loss)

	2012 £	2011 £
<i>Operating profit/(loss) is stated after charging/(crediting)</i>		
Depreciation	81,671	96,229
Rental of other assets	45,790	44,140
	<u>127,461</u>	<u>140,369</u>

4 Interest payable

	2012 £	2011 £
On bank loans and overdrafts	968	538
Other	2,267	-
	<u>3,235</u>	<u>538</u>

Azure Oil Services Limited

Notes

(forming part of the financial statements)

5	Taxation	2012 £	2011 £
	<i>Current year tax</i>		
	UK corporation tax	-	-
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	-	-
	<i>Tax on loss on ordinary activities</i>	-	-
	<i>Factors affecting the tax charge for the year</i>		
	Profit/(loss) on ordinary activities before taxation	<u>2,657,084</u>	<u>(304,504)</u>
	Current year tax	<u>-</u>	<u>-</u>

The company has substantial tax losses to carry forward against profits from the same trades which will reduce tax payable in future years

6	Intangible assets	Goodwill £	Total £
	Cost		
	At 1 January 2012 and 31 December 2012	<u>7,000</u>	<u>7,000</u>
	Amortisation		
	At 1 January 2012	-	-
	Charge for the year	<u>1,400</u>	<u>1,400</u>
	At 31 December 2012	<u>1,400</u>	<u>1,400</u>
	Net book value		
	At 31 December 2012	<u>5,600</u>	<u>5,600</u>
	At 31 December 2011	<u>7,000</u>	<u>7,000</u>

Azure Oil Services Limited

Notes

(forming part of the financial statements)

7 Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2012	92,046	1,287,198	1,379,244
Additions	5,117	19,510	24,627
	<u>97,163</u>	<u>1,306,708</u>	<u>1,403,871</u>
Depreciation			
At 1 January 2012	46,021	1,053,759	1,099,780
Charge for the year	9,204	72,467	81,671
	<u>55,225</u>	<u>1,126,226</u>	<u>1,181,451</u>
Net book value			
At 31 December 2012	<u>41,938</u>	<u>180,482</u>	<u>222,420</u>
At 31 December 2011	<u>46,025</u>	<u>233,439</u>	<u>279,464</u>

8 Tangible fixed assets

	Investment properties £
Valuation	
At 1 January 2012	850,000
Revaluation	(30,000)
	<u>820,000</u>
At 31 December 2012	<u>820,000</u>

The freehold properties of the company held for investment purposes were valued at 31 December 2012 on an open market basis by CJ Walters, a director of the company, at the amounts shown above

The historic cost of the company's investment properties is £684,636 (2011 £684,636) If depreciation had been provided on such properties the accumulated depreciation at that date based on cost would be £216,408 (2011 £189,022)

If the company's properties were disposed of at market value a corporation tax liability of £Nil (2011 £Nil) would arise

Azure Oil Services Limited

Notes

(forming part of the financial statements)

9 Stocks

	2012 £	2011 £
Raw materials	109,553	108,299
Work in progress	37,639	27,155
	<u>147,192</u>	<u>135,454</u>

10 Debtors

	2012 £	2011 £
<i>Amounts falling due within one year</i>		
Trade debtors	98,995	103,401
Prepayments and accrued income	53,349	55,283
Other tax and social security	15,105	-
Other debtors	378,176	353,338
Amounts owed by group undertakings	1,131,814	1,111,618
	<u>1,677,439</u>	<u>1,623,640</u>
<i>Amounts falling due in more than one year</i>		
Other debtors	710,456	1,227,341
	<u>2,387,895</u>	<u>2,850,981</u>

11 Creditors' amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts (see note 12)	2,893	22,148
Trade creditors	209,548	187,435
Other taxation and social security	47,969	18,187
Other creditors	3,326	5,487
Accruals and deferred income	311,680	278,547
	<u>575,416</u>	<u>511,804</u>

Azure Oil Services Limited

Notes

(forming part of the financial statements)

12 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Bank loans	610,000	610,000
<i>Analysis of loans</i>		
Wholly repayable within five years	611,655	611,655
Included in current liabilities	(1,655)	(1,655)
	<u>610,000</u>	<u>610,000</u>
<i>Loan maturity analysis</i>		
In two to five years	<u>610,000</u>	<u>610,000</u>

The bank borrowings are secured by way of fixed and floating charges over the group's assets

Investment property mortgages of £610,000 (2011 £610,000) are interest only to be repaid in May 2016 Interest is charged at 0.7% less than the bank's standard variable rate

13 Provisions for liabilities and charges

	2012 £	2011 £
Land remediation provision		
At 31 January 2012	3,100,000	3,100,000
Movement in year	(3,100,000)	-
	<u>-</u>	<u>-</u>
At 31 December 2013	<u>-</u>	<u>3,100,000</u>

14 Commitments under operating leases

At 31 December 2012, the company had annual commitments under non-cancellable operating leases as set out below

	2012 Land and buildings £	2011 Land and buildings £
Operating leases which expire In less than one year	<u>41,500</u>	<u>41,500</u>

15 Pension scheme

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund and amounted to £1,593 (2011 £1,664) including contributions in respect of employees Contributions amounting to £906 (2011 £943) were payable to the fund at the year end and are included in creditors

Azure Oil Services Limited

Notes

(forming part of the financial statements)

16 Related party transactions

The company has had transactions with its holding company, Garraf Limited, on normal commercial trading terms throughout the year. The balance included in debtors at 31 December 2012 is £1,131,814 (2011 £1,111,618)

CJ Walters is also a director of Christian Walters Limited a company incorporated in the UK

The company has provided services to Christian Walters Limited. The balance included in prepayments at the year end is £Nil (2011 £3,200)

CJ Walters has provided a personal guarantee to the bank limited to £300,000 (2011 £300,000)

17 Share capital

	2012 £	2011 £
Allotted, called up and fully paid:		
25,000 ordinary shares of £1 each	25,000	25,000

18 Movement in reserves

	Capital Redemption Reserve £	Investment Property Revaluation Reserve £	Profit and loss account £
At 1 January 2012	975,000	165,364	(794,836)
Profit for the year after taxation	-	-	2,657,084
Revaluation	-	(30,000)	-
At 31 December 2012	975,000	135,364	1,862,248

19 Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Profit/(loss) for the financial year	2,657,084	(304,504)
Revaluation	(30,000)	-
Net addition/(reduction) in shareholder's funds	2,627,084	(304,504)
Opening shareholder's funds	370,528	675,032
Closing shareholder's funds	2,997,612	370,528

20 Ultimate parent company

The parent company is Garraf Limited, a company registered in England and Wales

21 Control

The ultimate controlling party is CJ Walters (director)

Azure Oil Services Limited

Notes

(forming part of the financial statements)

22 **Contingent liability**

There is a cross guarantee in place whereby the company has guaranteed the overdraft of its parent undertaking. The amount outstanding at the end of the year was £Nil (2011 £17) and the maximum amount outstanding during the year was £17 (2011 £17).

23 **Post balance sheet event**

An investment property was sold after the year end for £395,000, the revaluation reserve has been amended. The related mortgage of £316,246 was repaid.

Negotiations for the sales of the land subject to the land remediation provision (see Note 13), will shortly be concluded. The purchaser will take over responsibility for any remediation work required and therefore the land remediation provision of £3.1 million has been eliminated in the 2012 accounts.