

Financial Statements Electrical Oil Services Limited

For the year ended 31 December 2012

Registered number. 03749629

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COMPANIES HOUSE

Electrical Oil Services Limited

Company Information

Directors

J F Finn
D Barclay
H McGregor - Clark
N Wright

Company secretaries

Sunbury Secretaries Limited

Company number

03749629

Registered office

Chertsey Road
Sunbury-on-Thames
Middlesex
TW16 7BP

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

Electrical Oil Services Limited

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Electrical Oil Services Limited

Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company during the year was that of the manufacture and supply of reclaimed and new electrical insulating oil and associated services

Business review

Turnover for the year ended 31 December 2012 was £10.62 million a 6% increase on the prior year (2011 £9.98 million). Profit before tax was £2.99 million, a 19% increase on the prior year (2011 £2.51 million).

The directors are pleased with the performance of the company during the year and expect that performance will continue in the next financial year.

During 2012, reclaimed transformer oil accounted for 89% (2011 89%) of the volume of oil sold and so demonstrates that the company is providing a 'green solution' for our customers requirements. Services accounted for 29% (2011 29%) of revenue reflecting the strategy of providing transformer oils and a complete range of support services, including on site processing, tank hire, drumming and packing, technical support as well as the safe disposal of contaminated oil.

Results and dividends

The profit for the year, after taxation, amounted to £2,271,875 (2011 - £1,854,120).

Particulars of dividends paid are detailed in note 7 to the financial statements.

Directors

The directors who served during the year were

J F Finn
D Barclay
H McGregor - Clark (appointed 28 August 2012)
N Wright (appointed 19 November 2012)
J A Platt (resigned 28 August 2012)
N James (resigned 19 November 2012)

Financial risk management objectives and policies

The company uses various financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risk arising from the company's financial instruments is credit risk. The directors review and agree policies for managing this risk, which remain unchanged from previous years.

Electrical Oil Services Limited

Directors' Report

For the year ended 31 December 2012

Credit risk

The company's principal current assets are cash and debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Directors' responsibilities statement

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.

Provision of information to auditor

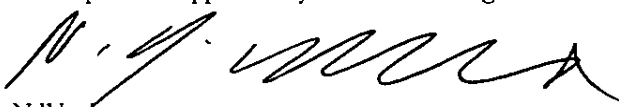
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is 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 auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board and signed on its behalf



N Wright
Director

Date 10 April 2013



Independent Auditor's Report to the Members of Electrical Oil Services Limited

We have audited the financial statements of Electrical Oil Services Limited for the year ended 31 December 2012, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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 Auditor's 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 auditor

As explained more fully in the Directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 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.



Independent Auditor's Report to the Members of Electrical Oil Services Limited

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

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

Emma Stoddart (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Liverpool

Date 10 April 2013

Electrical Oil Services Limited**Profit and Loss Account****For the year ended 31 December 2012**

	Note	2012 £	2011 £
Turnover	1,2	10,622,564	9,979,479
Cost of sales		(3,550,964)	(3,430,177)
Gross profit		7,071,600	6,549,302
Distribution costs	3	(1,746,408)	(1,874,110)
Administrative expenses	3	(2,327,549)	(2,166,165)
Operating profit	4	2,997,643	2,509,027
Interest receivable and similar income		803	276
Profit on ordinary activities before taxation		2,998,446	2,509,303
Tax on profit on ordinary activities	6	(726,571)	(655,183)
Profit for the financial year	16	2,271,875	1,854,120

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

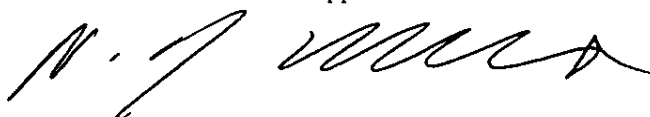
Electrical Oil Services Limited
Registered number 03749629

Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	8		1,360,656		1,159,772
Current assets					
Stocks	9	449,303		246,756	
Debtors	10	1,098,045		1,414,054	
Cash at bank and in hand		1,060,026		576,796	
		<u>2,607,374</u>		<u>2,237,606</u>	
Creditors amounts falling due within one year	11	<u>(2,739,596)</u>		<u>(2,040,819)</u>	
Net current (liabilities)/assets			<u>(132,222)</u>		196,787
Net assets			<u>1,228,434</u>		<u>1,356,559</u>
Capital and reserves					
Called up share capital	15		1,000,000		1,000,000
Profit and loss account	16		228,434		356,559
Shareholders' funds	17		<u>1,228,434</u>		<u>1,356,559</u>

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



N Wight
 Director

Date 10 April 2013

The notes on pages 8 to 17 form part of these financial statements

Electrical Oil Services Limited

Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	4,503,449	2,251,543
Returns on investments and servicing of finance	19	803	276
Taxation		(675,000)	(725,002)
Capital expenditure	19	(446,022)	(641,570)
Equity dividends paid		(2,900,000)	(1,300,000)
Increase/(decrease) in cash in the year		483,230	(414,753)

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 December 2012

	2012 £	2011 £
Increase/(decrease) in cash in the year	483,230	(414,753)
Movement in net funds in the year	483,230	(414,753)
Net funds at 1 January 2012	576,796	991,549
Net funds at 31 December 2012	1,060,026	576,796

The notes on pages 8 to 17 form part of these financial statements

Electrical Oil Services Limited

Notes to the Financial Statements

For the year ended 31 December 2012

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 the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

The accounting policies have remained unchanged from the previous year and are set out below

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. Turnover is recognised at the point of goods being delivered to the customer

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold property	-	10-25 years straight line
Plant and machinery	-	3-10 years straight line
Fixtures and fittings	-	3 years straight line

The current lease for the Stanlow site runs from 22 December 2010 until 22 December 2020. Some of the leasehold property is being written off over a longer period as the directors intend to renew the lease at this time

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.5 Operating leases

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

Electrical Oil Services Limited

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.6 Pensions

The company operates two pension schemes

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

The company is a participating employer in the BP Pension Fund, a defined benefit pension scheme, on behalf of two employees. The assets of the scheme are held separately from those of the company. The BP Pension Fund is operated in a way that does not allow the individual participating employing companies in the pension fund to identify their share of the underlying assets and liabilities of the fund. Therefore the company's payments in respect of pension current service cost have been accounted for as an expense as if they were contributions to a defined contribution scheme and no further Financial Reporting Standard No. 17 disclosures made in these accounts

1.7 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 not subject to discounting

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

Electrical Oil Services Limited**Notes to the Financial Statements**

For the year ended 31 December 2012

1. Accounting Policies (continued)**1.9 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

2. Turnover

The turnover and profit before tax are attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2012 £	2011 £
United Kingdom	10,266,434	9,727,221
Overseas	356,130	252,258
	<u>10,622,564</u>	<u>9,979,479</u>

3. Other operating charges

	2012 £	2011 £
Distribution expenses	1,746,408	1,874,110
Administration expenses	2,327,549	2,166,165
	<u>4,073,957</u>	<u>4,040,275</u>

Electrical Oil Services Limited**Notes to the Financial Statements****For the year ended 31 December 2012****4. Operating profit**

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	245,138	236,581
Auditor's remuneration	12,875	12,500
Operating lease rentals		
- Other	91,642	84,774
- Land and buildings	156,720	156,166
	<u> </u>	<u> </u>

5. Staff costs

Staff costs were as follows

	2012	2011
	£	£
Wages and salaries	1,569,943	1,525,166
Social security costs	185,462	169,052
Other pension costs	88,578	84,007
	<u> </u>	<u> </u>
	<u>1,843,983</u>	<u>1,778,225</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No	No
Number of production staff	24	20
Number of sales staff	3	5
Number of management staff	8	10
	<u> </u>	<u> </u>
	<u>35</u>	<u>35</u>

During the year, no director received any emoluments (2011 - £Nil)

6. Tax on profit on ordinary activities

	2012	2011
	£	£
UK corporation tax charge on profit for the year	726,571	655,183
	<u> </u>	<u> </u>

Electrical Oil Services Limited**Notes to the Financial Statements**

For the year ended 31 December 2012

6. Tax on profit on ordinary activities (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	<u>2,998,446</u>	<u>2,509,303</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%)	734,619	664,714
Effects of:		
Expenses not deductible for tax purposes	95	766
Net movement in depreciation and capital allowances	(8,143)	(10,297)
Current tax charge for the year (see note above)	<u><u>726,571</u></u>	<u><u>655,183</u></u>

7. Dividends

	2012 £	2011 £
A ordinary shares		
Dividends paid	<u>1,200,000</u>	<u>900,000</u>
B ordinary shares		
Dividends paid	1,200,000	400,000
Dividends declared	-	500,000
	<u>1,200,000</u>	<u>900,000</u>
	<u><u>2,400,000</u></u>	<u><u>1,800,000</u></u>

An interim dividend was approved and paid during the year amounting to £2.40 per ordinary share (2011 £1.80 per ordinary share) in respect of both A and B ordinary shares.

Electrical Oil Services Limited**Notes to the Financial Statements**

For the year ended 31 December 2012

8. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2012	410,937	2,989,303	240,721	3,640,961
Additions	-	446,022	-	446,022
At 31 December 2012	410,937	3,435,325	240,721	4,086,983
Depreciation				
At 1 January 2012	192,478	2,088,458	200,253	2,481,189
Charge for the year	22,006	200,759	22,373	245,138
At 31 December 2012	214,484	2,289,217	222,626	2,726,327
Net book value				
At 31 December 2012	196,453	1,146,108	18,095	1,360,656
At 31 December 2011	218,459	900,845	40,468	1,159,772

9. Stocks

	2012 £	2011 £
Raw materials	238,807	138,358
Finished goods	210,496	108,398
	449,303	246,756

10. Debtors

	2012 £	2011 £
Trade debtors	1,007,738	1,137,289
Amounts owed by related parties	-	43,993
Other debtors	4,750	4,942
Prepayments and accrued income	85,557	227,830
	1,098,045	1,414,054

Electrical Oil Services Limited

Notes to the Financial Statements

For the year ended 31 December 2012

11. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,964,216	812,286
Amounts owed to related parties	9,567	-
Corporation tax	291,554	239,983
Social security and other taxes	108,514	154,614
Proposed dividend	-	500,000
Accruals and deferred income	365,745	333,936
	<u>2,739,596</u>	<u>2,040,819</u>

12. Pension commitments

The company is a participating employer in the Burmah Castrol Pension Fund on behalf of two employees. The Burmah Castrol Pension Fund is separately funded and provides benefits that are computed based on an employee's years of service and final pensionable salary. On the 31 March 2011, the Burmah Castrol Pension Fund was merged into the main BP Pension Fund and Electrical Oil Services Limited became a participating employer of the BP Pension Fund.

The BP Pension Fund is operated in a way that does not allow the individual participating employing companies in the pension fund to identify their share of the underlying assets and liabilities of the fund. Therefore the company's payments in respect of pension current service cost have been accounted for as an expense as if they were contributions to a defined contribution scheme and no further Financial Reporting Standard No. 17 disclosures made in these accounts. In addition, the company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

13. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Within 1 year	-	-	13,627	17,697
Between 2 and 5 years	-	-	29,677	15,592
After more than 5 years	<u>156,720</u>	<u>156,720</u>	<u>-</u>	<u>-</u>

Electrcal Oil Services Limited**Notes to the Financial Statements****For the year ended 31 December 2012****14. Related party transactions**

The share capital is owned by Castrol Limited (50%) and Petrochem Carless Limited (50%)

During the year the company was billed for goods and services as follows

	2012	2011
	£	£
Castrol (UK) Limited	-	-

At 31 December 2012 the company owed in respect of overpayments

Castrol (UK) Limited	9,567	-
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During the year the company sold goods and services as follows

	2012	2011
	£	£
Castrol (UK) Limited	123,823	171,718
Castrol Offshore Limited	3,427	14,520
At 31 December 2012 the amounts due to the company were		
Castrol (UK) Limited	-	43,993

Castrol Limited, Castrol (UK) Limited, Castrol Offshore Limited are all related by virtue of BP plc being their ultimate parent undertaking

15. Share capital

	2012	2011
	£	£
Authorised, allotted, called up and fully paid		
500,000 A ordinary shares of £1 each	500,000	500,000
500,000 B ordinary shares of £1 each	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>

All shares rank pari passu in all respects

Electrical Oil Services Limited**Notes to the Financial Statements****For the year ended 31 December 2012****16. Reserves**

	Profit and loss account £
At 1 January 2012	356,559
Profit for the year	2,271,875
Equity dividends	(2,400,000)
	<hr/>
At 31 December 2012	228,434
	<hr/>

17. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	1,356,559	1,302,439
Profit for the year	2,271,875	1,854,120
Dividends (Note 7)	(2,400,000)	(1,800,000)
	<hr/>	<hr/>
Closing shareholders' funds	1,228,434	1,356,559
	<hr/>	<hr/>

18. Net cash flow from operating activities

	2012 £	2011 £
Operating profit	2,997,643	2,509,027
Depreciation of tangible fixed assets	245,138	236,582
(Increase)/decrease in stocks	(202,550)	9,341
Decrease/(increase) in debtors	316,009	(132,571)
Increase/(decrease) in creditors	1,147,209	(370,836)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,503,449	2,251,543
	<hr/>	<hr/>

19. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	803	276
	<hr/>	<hr/>
Capital expenditure		
Purchase of tangible fixed assets	(446,022)	(641,570)
	<hr/>	<hr/>

Electrical Oil Services Limited**Notes to the Financial Statements**

For the year ended 31 December 2012

20. Analysis of changes in net cash

	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Cash at bank and in hand	576,796	483,230	-	1,060,026
Net funds	<u>576,796</u>	<u>483,230</u>	<u>-</u>	<u>1,060,026</u>

21. Contingent liabilities

The company is currently a participating employer in the BP Group Pension Fund on behalf of two of its employees. A contingent liability has been identified, in the event that BP sells its shareholding in the company or both employees leave the fund for whatever reason, including redundancy or resignation, then Electrical Oil Services Limited would cease to participate in the fund. This could trigger an exit payment due to the BP Group Pension Fund which has been estimated to be approximately £550,000. The company had no contingent liabilities at 31 December 2011.

22. Capital commitments

There were no capital commitments at 31 December 2012 and 31 December 2011.