

Company registration number: 02872607

PETROFER U.K. PLC

Annual report and financial statements

31 December 2015

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PETROFER U.K. PLC

Company information

Directors	Mr S. J. Gregory Mr C.H.M. Fischer
Secretary	Tranter Lowe Company Secretarial Limited
Company number	02872607
Registered office	Harcourt Business Park Halesfield 17 Telford Shropshire TF7 4PW
Business address	Harcourt Business Park Halesfield 17 Telford Shropshire TF7 4PW
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Bankers	Lloyds Bank Plc Business and Corporate Services Centre 3rd Floor 125 Colmore Row Birmingham

PETROFER U.K. PLC

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PETROFER U.K. PLC

Strategic report Year ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

Review of the Business

2015 saw further improvements to the financial situation of the company, with increased profitability. Gross profit margins have also increased in the year from 29.9% to 34.0%. This was helped by stable raw material prices, lowering oil prices and a stronger sterling/Euro exchange rate. The UK manufacturing economy improved during the year, resulting in existing customers being busier or investing in new processes and plant. These factors combined, contributed to increased sales, a change in product mix and more technical, higher margin customer process fluid demand. Earnings before interest and tax ('EBIT') for the year improved primarily through the exchange rate (£/€), raw material prices, and overhead costs being kept under control. Personnel levels remained stable and investment in their skills and training continued. Resources were increased to improve our corporate image, marketing and IT capability. The result of this is that company is well prepared for future growth and market movements.

Principal risks and uncertainties

The management of the company and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to consumer demand and raw material purchase costs in Euro. As part of the management of these risks the company maintains a Euro Bank account in order to mitigate currency pressures.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using revenue and gross profit KPI's is sufficient.

This report was approved by the board of directors on 11 April 2016 and signed on behalf of the board by:

S. J. Gregory
Director



11/4/16

PETROFER U.K. PLC

Directors report Year ended 31 December 2015

The directors are responsible for preparing the strategic report, the directors' report and the audited financial statements of the company for the year ended 31 December 2015.

Directors

The directors who served the company during the year were as follows:

S. J. Gregory
C.H.M. Fischer

Dividends

The directors do not recommend the payment of a dividend (2014:nil).

Future developments

Petrofer UK PLC has identified a further need to improve marketing and develop a brand image to mirror the German parent company, as such it will invest in new soft-ware, web site design and e-mail marketing to meet the demands of the new electronic age. Secondly there are plans to improve the meeting and training function by developing an improved company meeting room with state of the art IT facilities. The company will also continue to improve its customer relations and route to market with targeted market sector technical support, training and product development to meet the new requirements of global environmental, raw material and process legislation.

Results

The profit for the financial year amounted to £257,833 (2014 - £171,136).

Financial risk management

The company's operations expose it to financial risks that include the effects of changes in currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks are summarised below.

Currency risk

The company is exposed to foreign currency risk as the majority of its purchases are in Euro. The directors monitor the fluctuation of foreign currency and exchange rates to minimise such impact.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable requirements.

Qualifying indemnity provision

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial years and is currently in force. The company also purchased and maintained throughout the last financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

PETROFER U.K. PLC

Directors' report (continued) Year ended 31 December 2015

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the group and parent company financial statements (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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

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

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Directors' report (continued)
Year ended 31 December 2015

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board of directors on 11 April 2016 and signed on behalf of the board by:

S. J. Gregory
Director

A handwritten signature in black ink, appearing to read 'S. J. Gregory', written in a cursive style.

11/4/16

PETROFER U.K. PLC

Independent auditor's report to the members of PETROFER U.K. PLC Year ended 31 December 2015

Report on the financial statements

Our opinion

In our opinion Petrofer UK PLC's financial statements (the "financial statements"):

- give a true and fair view of the state of the companies affairs as at 31 December 2015 and of its profit and cash flows 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, included within the Financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the statement of income and retained earnings for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 Statement 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.

PETROFER U.K. PLC

**Independent auditor's report to the members of
PETROFER U.K. PLC (continued)
Year ended 31 December 2015**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing ("ISAs (UK and 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.

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.



Ian Wall (senior statutory auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

11 April 2016

PETROFER U.K. PLC

**Statement of comprehensive income
for the Year ended 31 December 2015**

	Note	2015 £	2014 £
Turnover	3	3,751,131	3,733,416
Cost of sales		(2,475,562)	(2,616,794)
Gross profit		1,275,569	1,116,622
Distribution costs		(412,821)	(413,385)
Administrative expenses		(550,563)	(496,785)
Other operating income	4	8,584	9,608
Operating profit	5	320,769	216,060
Profit on ordinary activities before taxation		320,769	216,060
Tax on profit on ordinary activities	9	(62,936)	(44,924)
Profit for the financial year and total comprehensive income		<u>257,833</u>	<u>171,136</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

PETROFER U.K. PLC

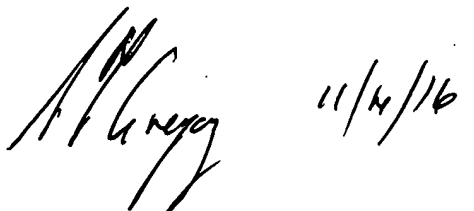
**Balance sheet
as at 31 December 2015**

	Note	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	10	54,416		62,697	
			54,416		62,697
Current assets					
Stocks	11	396,013		385,694	
Debtors	12	667,206		740,117	
Cash at bank and in hand	13	574,587		287,316	
		1,637,806		1,413,127	
Creditors: amounts falling due within one year	14	(320,313)		(360,536)	
Net current assets			1,317,493		1,052,591
Total assets less current liabilities			1,371,909		1,115,288
Provisions for liabilities	16		(8,869)		(10,081)
Net assets			1,363,040		1,105,207
Capital and reserves					
Called up share capital	19	50,000		50,000	
Profit and loss account	18	1,313,040		1,055,207	
Total shareholders' funds		1,363,040		1,105,207	

These financial statements were approved by the board of directors and authorised for issue on 11 April 2016, and are signed on behalf of the board by:

S. J. Gregory
Director

Company registration number: 02872607



The notes on pages 11 to 21 form part of these financial statements.

PETROFER U.K. PLC

**Statement of changes in equity
Year ended 31 December 2015**

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2014	50,000	884,071	934,071
Profit for the year		171,136	171,136
Total comprehensive income for the year	-	171,136	171,136
At 31 December 2014	<u>50,000</u>	<u>1,055,207</u>	<u>1,105,207</u>
Profit for the year		257,833	257,833
Total comprehensive income for the year	-	257,833	257,833
At 31 December 2015	<u>50,000</u>	<u>1,313,040</u>	<u>1,363,040</u>

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**Statement of cash flows
for the Year ended 31 December 2015**

		2015	2014
		£	£
Cash flows from operating activities			
Profit for the financial year		257,833	171,136
<i>Adjustments for:</i>			
Depreciation of tangible assets		20,852	7,560
Result/(gain) on disposal of tangible assets		-	(2,750)
Tax on profit on ordinary activities		62,936	44,924
<i>Changes in:</i>			
Stocks		(10,319)	(79,514)
Trade and other debtors		72,911	(17,728)
Trade and other creditors		(4,215)	10,769
Accrued expenses		14,183	15,587
Cash generated from operations		<u>414,181</u>	<u>149,984</u>
Tax paid		(48,528)	(29,164)
Net cash generated from operating activities		<u><u>365,653</u></u>	<u><u>120,820</u></u>
Cash flows from investing activities			
Purchase of tangible assets		(12,571)	(54,534)
Proceeds from sale of tangible assets		-	2,750
Net cash used in investing activities		<u><u>(12,571)</u></u>	<u><u>(51,784)</u></u>
Cash flows from financing activities			
(Payments for)/Proceeds from loans from group undertakings		(65,811)	33,704
Net cash (used in)/generated from financing activities		<u><u>(65,811)</u></u>	<u><u>33,704</u></u>
Net increase in cash and cash equivalents		287,271	102,740
Cash and cash equivalents at beginning of year	13	287,316	184,576
Cash and cash equivalents at end of year	13	<u><u>574,587</u></u>	<u><u>287,316</u></u>

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Notes to the financial statements Year ended 31 December 2015

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

General information

Petrofer U.K. PLC's ('the company') principal activity is the sale of petrochemical lubricant products. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is: Harcourt Business Park, Halesfield 17, Telford, Shropshire, TF7 4PW.

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 24.

Judgements and key sources of estimation uncertainty

Management has made use of judgements in the process of applying the entity's accounting policies.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on delivery of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Other income refers to the recharge of costs incurred for assisting other subsidiary companies held by the parent company which are recognised when the services are provided.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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Notes to the financial statements (continued) **Year ended 31 December 2015**

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Computer equipment	-	25%	straight line
Laboratory equipment	-	15%	reducing balance
Office equipment	-	15%	reducing balance
Motor vehicles	-	25%	reducing balance

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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Notes to the financial statements (continued) Year ended 31 December 2015

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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Notes to the financial statements (continued) Year ended 31 December 2015

Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Turnover

Turnover arises from:

	2015	2014
	£	£
Sale of goods	3,751,131	3,733,416

All turnover arose within the United Kingdom.

4. Other operating income

	2015	2014
	£	£
Consultancy income	8,584	9,608

PETROFER U.K. PLC

Notes to the financial statements (continued)
Year ended 31 December 2015

5. Operating profit

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible assets	20,852	7,560
Result/(gain) on disposal of tangible assets	-	(2,750)
Operating lease rentals	60,000	60,000
Foreign exchange differences	2,885	2,939
Defined contribution plans expense	25,676	27,644
Fees payable for the audit of the financial statements	<u>17,076</u>	<u>12,100</u>

No fees have been paid to the company's auditors in respect of non-audit services.

6. Auditors remuneration

	2015	2014
	£	£
Fees payable to PricewaterhouseCoopers LLP		
Fees payable for the audit of the financial statements	<u>17,076</u>	<u>12,100</u>

7. Staff costs

The monthly average number of persons employed by the company during the year, including the directors, amounted to:

	2015	2014
Field service	3	3
Direct sales	4	4
Office and Management	4	4
Technical/logistical	3	3
	<u>14</u>	<u>14</u>

The aggregate payroll costs incurred during the year were:

	2015	2014
	£	£
Wages and salaries	532,472	506,590
Social security costs	48,079	49,241
Other pension costs	25,676	27,644
	<u>606,227</u>	<u>583,475</u>

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Notes to the financial statements (continued)
Year ended 31 December 2015

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2015	2014
	£	£
Remuneration	114,770	98,738
Company contributions to pension schemes in respect of qualifying services	6,000	6,000
	<u>120,770</u>	<u>104,738</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2015	2014
	Number	Number
Defined contribution plans	<u>1</u>	<u>1</u>

The highest paid director received remuneration of £120,770 (2014: £104,738).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2014: £6,000).

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Notes to the financial statements (continued)
Year ended 31 December 2015

9. Tax on profit on ordinary activities

Major components of tax expense

	2015	2014
	£	£
Current tax:		
UK current tax expense	<u>64,148</u>	<u>34,843</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(1,212)</u>	<u>10,081</u>
Tax on profit on ordinary activities	<u><u>62,936</u></u>	<u><u>44,924</u></u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%).

A reconciliation is given below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>320,769</u>	<u>216,060</u>
Profit on ordinary activities by rate of tax	64,956	46,453
Effect of capital allowances and depreciation	<u>(808)</u>	<u>(11,610)</u>
Tax on profit on ordinary activities	<u><u>64,148</u></u>	<u><u>34,843</u></u>

Factors affecting future tax expense

The July 2015 Budget Statement announced changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. Accordingly, the deferred tax balance has been calculated using a rate of 18%.

PETROFER U.K. PLC

Notes to the financial statements (continued)
Year ended 31 December 2015

10. Tangible assets

	Computer equipment	Laboratory equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2015	96,847	77,182	50,167	57,139	281,335
Additions	1,703	10,398	-	470	12,571
At 31 December 2015	<u>98,550</u>	<u>87,580</u>	<u>50,167</u>	<u>57,609</u>	<u>293,906</u>
Accumulated Depreciation					
At 1 January 2015	87,494	74,973	46,642	9,529	218,638
Charge for the year	3,010	2,001	1,439	14,402	20,852
At 31 December 2015	<u>90,504</u>	<u>76,974</u>	<u>48,081</u>	<u>23,931</u>	<u>239,490</u>
Carrying amount					
At 31 December 2015	<u>8,046</u>	<u>10,606</u>	<u>2,086</u>	<u>33,678</u>	<u>54,416</u>
At 31 December 2014	<u>9,353</u>	<u>2,209</u>	<u>3,525</u>	<u>47,610</u>	<u>62,697</u>

11. Stocks

	2015	2014
	£	£
Finished goods	<u>396,013</u>	<u>385,694</u>

12. Debtors

	2015	2014
	£	£
Trade debtors	605,800	671,745
Prepayments and accrued income	58,772	64,070
Other debtors	2,634	4,302
	<u>667,206</u>	<u>740,117</u>

13. Cash at bank and in hand

Cash and cash equivalents comprise the following:

	2015	2014
	£	£
Cash at bank and in hand	<u>574,587</u>	<u>287,316</u>

PETROFER U.K. PLC

Notes to the financial statements (continued)
Year ended 31 December 2015

14. Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	39,666	49,374
Amounts owed to group undertakings	1,789	67,600
Accruals and deferred income	70,861	56,678
Corporation tax	28,862	13,242
Social security and other taxes	179,135	173,642
	<u>320,313</u>	<u>360,536</u>

Amounts owed to group undertakings are payable on demand and non interest bearing.

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2015	2014
	£	£
Included in provisions (note 16)	<u>8,869</u>	<u>10,081</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Accelerated capital allowances	<u>8,869</u>	<u>10,081</u>

16. Provisions for liabilities

	Deferred tax (note 15)
	£
At 1 January 2015	10,081
The credit against provision	(1,212)
At 31 December 2015	<u>8,869</u>

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £25,676 (£2014:£27,644).

PETROFER U.K. PLC

Notes to the financial statements (continued)
Year ended 31 December 2015

18. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

19. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

20. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 £	2014 £
Not later than 1 year	62,117	-
Later than 1 year and not later than 5 years	20,664	152,825
Later than 5 years	74,632	-
	<u>157,413</u>	<u>152,825</u>

21. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Advances/(credits) to the directors		Amounts repaid		Balance outstanding	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
Mr S. J. Gregory	<u>-</u>	<u>5,000</u>	<u>(1,668)</u>	<u>(1,798)</u>	<u>1,534</u>	<u>3,202</u>

PETROFER U.K. PLC

Notes to the financial statements (continued) Year ended 31 December 2015

22. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed to	
	2015	2014	2015	2014
	£	£	£	£
Petrofer Chemie	<u>2,261,267</u>	<u>2,486,016</u>	<u>(1,789)</u>	<u>(67,600)</u>

Petrofer Chemie are within the same group of companies. Purchases from Petrofer Chemie are undertaken within the normal course of business.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £120,770 (2014: £104,738).

23. Controlling party

The company's ultimate parent company is Fischer Equity GmbH & Co KG, a company incorporated in Germany. The ultimate parent undertaking and controlling party is Fisher Equity GmbH & Co KG. The parent undertaking of the smallest and largest group for which group financial statements are prepared and the ultimate controlling party is also Fisher Equity & Co KG. Copies of the financial statements are not available to the public.

24. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014. The presentation and disclosures of the accounts have been produced to comply with FRS 102.

Reconciliation of equity

No transitional adjustments were required.

Reconciliation of profit or loss for the year

No transitional adjustments were required.

Unaudited detailed income statement
Year ended 31 December 2015

	2015 £	2014 £
Turnover		
Sales	3,751,131	3,733,416
	<u>3,751,131</u>	<u>3,733,416</u>
Cost of sales		
Opening stock	(385,694)	(306,180)
Materials	(2,389,461)	(2,592,147)
Carriage inwards	(96,420)	(104,161)
	<u>(2,871,575)</u>	<u>(3,002,488)</u>
Closing stock	396,013	385,694
	<u>2,475,562</u>	<u>2,616,794</u>
Gross profit	<u>1,275,569</u>	<u>1,116,622</u>
Gross profit percentage	34.0%	29.9%
Overheads		
Distribution costs	(412,821)	(413,385)
Administrative expenses	(550,563)	(496,785)
	<u>(963,384)</u>	<u>(910,170)</u>
Other operating income		
Consultancy income	8,584	9,608
	<u>8,584</u>	<u>9,608</u>
Operating profit	320,769	216,060
Operating profit percentage	8.6%	5.8%
Profit on ordinary activities before taxation	<u><u>320,769</u></u>	<u><u>216,060</u></u>

Unaudited detailed income statement (continued)
Year ended 31 December 2015

	2015 £	2014 £
Overheads		
Distribution costs		
Wages and salaries (excl. social security costs)	(261,691)	(263,952)
Social security costs	(25,558)	(25,709)
Staff pension costs	(12,664)	(12,755)
Carriage outwards	(70,783)	(59,401)
Motor running expenses	(38,689)	(47,850)
Sundry expenses - allowable	(3,436)	(3,718)
	<u>(412,821)</u>	<u>(413,385)</u>
Administrative expenses		
Wages and salaries	(156,011)	(143,900)
Directors' remuneration	(114,770)	(98,738)
Employer's NI contributions	(22,521)	(23,532)
Directors pension costs	(6,000)	(6,000)
Staff pension costs	(7,012)	(8,889)
Operating lease rentals - land & blds	(60,000)	(60,000)
Premises cost	(37,081)	(34,820)
Insurance	(27,654)	(25,730)
Motor expenses	(6,016)	(8,837)
Travelling and entertainment	(5,190)	(5,396)
Legal and professional	(3,569)	(4,228)
Accountancy fees	(4,500)	(4,500)
Auditors remuneration	(17,076)	(12,100)
Bank charges	(1,721)	(1,506)
Bad debts	(2,723)	110
Loss on exchange	(2,885)	(2,939)
General expenses	(54,982)	(50,970)
Depreciation of tangible assets	(20,852)	(7,560)
(Gain)/loss on disposal of tangible assets	-	2,750
	<u>(550,563)</u>	<u>(496,785)</u>