

Company Registration No. 00026281

Contents

**Financial statements for
the year ended 31 December 2009**

Cepsa UK Limited

Directors' report	1
Auditors' report	4
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

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Cepsa UK Limited

Company information

Directors

F Iturrieta
J L Romero Garces
S Bonacasa
J I Sanchez Lambas

Secretary

I Pinilla Rodriguez

Company number

00026281

Registered office

Audrey House
16 – 20 Ely Place
London
EC1N 6SN

Auditors

Mazars LLP
The Atrium
Park Street West
Luton
Bedfordshire
LU1 3BE

Bankers

Banco Santander Central Hispano, S A
Santander House
100 Ludgate Hill
London
EC4M 7NJ

National Westminster
P O Box 333
Silbury House
300 Silbury Boulevard
Milton Keynes
MK9 2ZF

Cepsa UK Limited

Directors' report For the year ended 31 December 2009

The directors present their report and audited financial statements for the year ended 31 December 2009

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Directors

The following directors have held office since 1 January 2009, unless otherwise stated

F Iturrieta

J L Romero Garces

S Bonacasa

J I Sanchez Lambas

J Granados (resigned 31 December 2008)

Principal activities and review of the business

The company's ultimate parent is Compania Espanola de Petroleos S A , (CEPSA), the Spanish refining and petrochemical group. The company's immediate parent is Cepsa Quimica S A , a company incorporated in Spain.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

On 1 April 2009, the company took over the trading activities of another UK group company, Ertisa Great Britain Limited. The stock and fixed assets were purchased from Ertisa Great Britain Limited ("Ertisa") at market value.

Cepsa UK Limited

Directors' report For the year ended 31 December 2009

Principal activities and review of the business (continued)

The company's turnover has increased by £8.7m in the year (2008 by £7.2m), an increase of 18.4% (2008 of 17.9%) on the performance in the prior year. Total sales for the year were £56.2m (2008 £47.5m) of which the former Ertisa trade accounted for £22.4m (2008 £nil). Like-for-like Cepsa sales actually fell by £13.7m (approximately 29% fall). This reduction in trade is due mainly attributable to the lower sales volume and the price of raw materials.

The lack of demand in the market place has led to a significant reduction in sales. However the company continues to look at cost efficiencies and, although slightly down on last year, has reported a significant profit before tax amounting to £3,268,331 (2008 £3,832,524).

The operating profit percentage for the year has fallen to 5.7% (2008 7.5%) and this is reflective of the competitive market place following the reductions in demand for products. We have a stable and committed workforce which have been strengthened with the additions from Ertisa Great Britain Ltd. We continue to keep costs under tight control.

We are also conscious of our environmental responsibilities and train our staff accordingly. In summary the key performance indicators we use to monitor business performance are as follows:

- Turnover growth,
- Operating profit percentage, and
- Staff turnover

We are seeking to expand our customer base within the industry in the near future following the restructure in the year and hope this will enable us to grow further. We do not believe there are any significant risks and uncertainties facing our business, other than those normally encountered within our industry.

Financial instruments

a. Treasury operations

The company's finance function is responsible for managing the liquidity and interest risks associated with its activities. It currently has no borrowings and so its principal instruments are cash balances. In addition the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the operations of the business.

b. Liquidity risk

The company's finance function manages liquidity risk to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The company's exposure to fair value interest rate risk is low given the positive cash balances held this year and in previous years.

Cepsa UK Limited

Directors' report (continued) For the year ended 31 December 2009

Financial instruments (continued)

d. Foreign currency risk

The company trades with other EU companies. To mitigate against foreign currency risk the company has both Euro and US Dollar bank accounts.

e. Credit risk

Investments of cash surpluses are made with the company's main bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Results and dividends

The results for the year are set out on page 6.

During the year, the directors paid an ordinary dividend of £24.65 per share (2008: £19.89 per share) amounting to £2,465,000 (2008: £1,988,817).

Creditor payment policy

The company does not have a written policy on the payment of creditors. However, the company intends to pay all trade creditors promptly within the terms agreed with them.

Disclosure of information to auditors

So far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

Auditors

A resolution to reappoint Mazars LLP as auditors to the company and to authorise the directors to fix their remuneration was proposed at the annual general meeting.

Approved by the Board on 26/4/10
and signed on its behalf by

Director



Cepsa UK Limited

Independent auditors' report To the members of Cepsa UK Limited

We have audited the financial statements of Cepsa UK Limited (company number 00026281) for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, Cashflow 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities set out on page 1 the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit 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. This report, including our opinion, 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the 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 2009 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 the other matters 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.

- 4 -

Mazars LLP – The Atrium - Park Street West - Luton - Bedfordshire - LU1 3BE
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Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308289 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

Registered by the Institute of Chartered Accountants in England and Wales to carry out audit work.



Cepsa UK Limited

**Independent auditors' report
To the members of Cepsa UK 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

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)
Lee Brook (Senior statutory auditor)

The Atrium
Park Street West
Luton
Bedfordshire LU1 3BE

Date *26/4/10*

Cepsa UK Limited
Company number: 00026281

Profit and loss account
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	56,216,354	47,499,566
Cost of sales		(49,900,483)	(41,645,850)
Gross profit		6,315,871	5,853,716
Distribution costs		(2,562,685)	(2,349,528)
Administrative expenses		(539,977)	53,592
Operating profit	3	3,213,209	3,557,780
Interest receivable and similar income	4	55,122	274,744
Profit on ordinary activities before taxation		3,268,331	3,832,524
Taxation on profit on ordinary activities	8	(916,019)	(1,093,577)
Profit on ordinary activities after taxation	15	2,352,312	2,738,947

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

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

Cepsa UK Limited
Company number: 00026281

Balance sheet
As at 31 December 2009

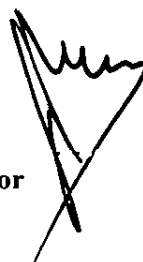
	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	10		28,814		27,514
Current assets					
Stocks	11	2,698,366		2,278,637	
Debtors	12	10,966,101		7,200,741	
Cash at bank and in hand		6,258,621		5,194,406	
			19,923,088		14,673,784
Creditors: amounts falling due within one year	13	(12,881,514)		(7,518,222)	
Net current assets			7,041,574		7,155,562
			7,070,388		7,183,076
Capital and reserves					
Share capital	14		100,000		100,000
Profit and loss account	15		6,970,388		7,083,076
Shareholders' funds - equity interests	16		7,070,388		7,183,076

Approved by the Board on
and signed on its behalf by

26/4/10



Director



Director

Cepsa UK Limited
Company number: 00026281

Cash flow statement
For the year ended 31 December 2009

	Notes	2009		2008	
		£	£	£	£
Net cash inflow from operating activities	17		4,444,955		2,455,526
Returns on investments and servicing of finance					
Interest received		55,122		274,744	
Net cash inflow for returns on investments and servicing of finance			55,122		274,744
Taxation payments			(956,768)		(962,755)
Capital expenditure					
Payments to acquire tangible fixed assets		(14,094)		(7,954)	
Net cash outflow for capital expenditure			(14,094)		(7,954)
Equity dividends paid	9		(2,465,000)		(1,988,817)
Increase/(decrease) in cash in the year	18/19		1,064,215		(229,256)

Notes to the financial statements
For the year ended 31 December 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	- over 3 years
Fixtures and fitting	- 20% reducing balance
Motor vehicles	- 33 ¹ / ₃ % reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value

1.7 Pension costs

The company operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension cost charges represent contributions payable by the company to the fund in respect of the year

1.8 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements

Deferred tax is not provided on the revaluation of fixed assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Notes to the financial statements
For the year ended 31 December 2009

1 Accounting policies (continued)

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Finance lease receivables

Income from finance leasing contracts, being the excess of total rentals received over the cost of the net investment in finance leasing contracts, is taken to profit in accordance with the investment period method of accounting in direct relationship to the reducing capital invested during the primary leasing period. Amounts written off the net investments in such leases are calculated to write off the cost over the primary periods of the contracts.

2 Turnover

Geographical market	2009	2008
	£	£
UK turnover	55,731,123	46,419,862
European turnover	485,231	1,079,704
	<u>56,216,354</u>	<u>47,499,566</u>

3 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging		
Depreciation of tangible fixed assets	12,794	15,196
Loss on disposal of fixed assets	-	1,118
Operating lease rentals - rent	45,808	27,056
- motor vehicles	4,868	4,868
Auditors' remuneration	7,500	6,500
Other non-audit fees - taxation services	1,400	1,300
- payroll services	1,068	1,035
	<u>56,216,354</u>	<u>47,499,566</u>

4 Interest receivable and similar income

	2009	2008
	£	£
Bank interest	51,814	265,846
Finance lease interest	3,308	8,898
	<u>55,122</u>	<u>274,744</u>

Notes to the financial statements
For the year ended 31 December 2009

5 Employee numbers

Number of employees

The average monthly number of employees (including directors) during the year was

	2009	2008
	Number	Number
Directors	4	4
Administration	4	3
Sales	2	2
	<u>10</u>	<u>9</u>

At the year end, the number of employees (including directors) was 11

6 Employment costs

	2009	2008
	£	£
Wages and salaries	464,913	315,861
Social security costs	49,688	34,200
Pension costs (note 20)	12,647	5,524
	<u>527,248</u>	<u>355,585</u>

7 Directors' emoluments

	2009	2008
	£	£
Directors' emoluments (including benefits-in-kind)	<u>104,093</u>	<u>110,569</u>

None of the directors were accruing benefits under money purchase pension schemes in the current or prior year

Cepsa UK Limited
Company number: 00026281

Notes to the financial statements
For the year ended 31 December 2009

8	Taxation on profit on ordinary activities	2009	2008
		£	£
	Domestic current year tax		
	UK corporation tax	915,609	1,092,269
	Adjustments in respect of prior years	410	-
		<u>916,019</u>	<u>1,092,269</u>
	Current tax charge		
	Deferred taxation		
	Deferred tax charge (below)	-	1,308
		<u>-</u>	<u>1,308</u>
	Total tax charge for the year	<u><u>916,019</u></u>	<u><u>1,093,577</u></u>
	Factors affecting charge for the year:		
	Profit on ordinary activities before taxation	<u>3,268,331</u>	<u>3,832,524</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008 28%)	<u>915,133</u>	<u>1,073,107</u>
	Effects of		
	Non deductible expenses for tax purposes	293	281
	Capital allowances in excess of depreciation	183	373
	Other timing differences	-	318
	Effect of change in tax rate	-	18,190
	Adjustments in respect of prior year	410	-
		<u>886</u>	<u>19,162</u>
	Current tax charge	<u><u>916,019</u></u>	<u><u>1,092,269</u></u>

A deferred tax asset in respect to fixed asset timing differences, amounting to £1,634 (2008 £1,451), has not been recognised in the accounts

9	Dividends	2009	2008
		£	£
	Ordinary dividend paid of £24.65 per share (2008 £19.89 per share)	<u>2,465,000</u>	<u>1,988,817</u>

Notes to the financial statements
For the year ended 31 December 2009

10 Tangible fixed assets	Computer equipment	Furniture	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 January 2009	20,272	22,107	38,801	81,180
Additions	1,455	2,240	10,399	14,094
	<u>21,727</u>	<u>24,347</u>	<u>49,200</u>	<u>95,274</u>
At 31 December 2009				
Depreciation				
At 1 January 2009	14,085	18,758	20,823	53,666
Charge for the year	3,196	1,006	8,592	12,794
	<u>17,281</u>	<u>19,764</u>	<u>29,415</u>	<u>66,460</u>
At 31 December 2009				
Net book value				
At 31 December 2009	<u>4,446</u>	<u>4,583</u>	<u>19,785</u>	<u>28,814</u>
At 31 December 2008	<u>6,187</u>	<u>3,349</u>	<u>17,978</u>	<u>27,514</u>
11 Stocks			2009	2008
			£	£
Goods for resale			<u>2,698,366</u>	<u>2,278,637</u>
12 Debtors			2009	2008
			£	£
Trade debtors			10,904,342	7,051,164
Amounts due under finance leases			41,356	132,610
Prepayments and accrued income			15,728	7,062
Other debtors			4,675	9,905
			<u>10,966,101</u>	<u>7,200,741</u>

Notes to the financial statements
For the year ended 31 December 2009

13 Creditors: amounts falling due within one year	2009	2008
	£	£
Trade creditors	315,333	554,584
Amounts owed to group undertakings	10,372,041	4,934,995
Corporation tax	451,019	491,768
Other taxes and social security costs	1,460,796	758,460
Other creditors	15,898	-
Accruals and deferred income	266,427	778,415
	<u>12,881,514</u>	<u>7,518,222</u>

Approximately 90% (2008 90%) of total purchases made by the company during the year were from group undertakings on normal commercial terms

14 Share capital	2009	2008
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15 Statement of movements on profit and loss account	Profit and loss account
	£
Balance at 1 January 2009	7,083,076
Profit for the year	2,352,312
Dividends paid (note 9)	<u>(2,465,000)</u>
Balance at 31 December 2009	<u>6,970,388</u>

Notes to the financial statements
For the year ended 31 December 2009

16	Reconciliation of movements in shareholders' funds	2009 £	2008 £
	Profit for the financial year	2,352,312	2,738,947
	Dividends paid (note 9)	(2,465,000)	(1,988,817)
	(Depletion in)/net addition to shareholders' funds	(112,688)	750,130
	Opening shareholders' funds	7,183,076	6,432,946
	Closing shareholders' funds	<u>7,070,388</u>	<u>7,183,076</u>
 17	 Reconciliation of operating profit to net cash inflow from operating activities	 2009 £	 2008 £
	Operating profit	3,213,209	3,557,780
	Depreciation of tangible assets	12,794	15,196
	Loss on disposal of fixed assets	-	1,118
	Increase in stocks	(419,729)	(25,099)
	(Increase)/decrease in debtors	(3,765,360)	887,614
	Increase/(decrease) in creditors	5,404,041	(1,981,083)
	Net cash inflow from operating activities	<u>4,444,955</u>	<u>2,455,526</u>
 18	 Analysis of net funds	 1 January 2009 £	 31 December 2009 £
	Net cash		
	Cash at bank and in hand	5,194,406	6,258,621
	Net funds	<u>5,194,406</u>	<u>6,258,621</u>

Notes to the financial statements
For the year ended 31 December 2009

19 Reconciliation of net cash flow to movement in net funds	2009	2008
	£	£
Increase/(decrease) in cash in the year	1,064,215	(229,256)
Movement in net funds in the year	1,064,215	(229,256)
Opening net funds	5,194,406	5,423,662
Closing net funds	6,258,621	5,194,406

20 Pension costs

Defined contribution	2009	2008
	£	£
Contributions payable by the company for the year	12,647	5,524

There were no outstanding pension contributions at the year end (2008 £nil)

21 Financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Motor vehicles		Land and buildings	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
Within one year	4,868	-	-	-
Between two and five years	-	4,868	35,888	17,944

Cepsa UK Limited
Company number: 00026281

Notes to the financial statements
For the year ended 31 December 2009

22 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 from the requirement to make disclosures concerning related party transactions within the group, since their transactions are included in the consolidated financial statements of Compania Espanola de Petroleos S A , which can be obtained from the head office at Campo de Las Naciones, Avda del Partenon, Number 12, 28042 Madrid, Spain

23 Control

The directors regard Compania Espanola de Petroleos S A , incorporated in Spain, as the company's ultimate parent undertaking

The company's immediate parent is Cepsa Quimica S A , a company incorporated in Spain