

Registered Number 7060396

Naft Trading and Technology Company Limited
Annual report
for the year ended 20 March 2015

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Naft Trading and Technology Company Limited

Annual report for the year ended 20 March 2015

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Naft Trading and Technology Company Limited

Directors' report for the year ended 20 March 2015

The directors present their report and the audited financial statements of the company for the year ended 20 March 2015.

Dividends and transfers to reserves

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

Directors and their interests

The directors of the company as at 20 March 2015, all of whom have been directors for the whole of the year ended on that date, except as otherwise stated, are listed below:

S M Hashemi

S M Tasalloti

A A Mazraei

Mr A A Mazraei resigned as a director on 7 July 2015 and Mr A Mehrabirad was appointed in his place to the board of directors with effect from the same date.

Also Mr S M Tasalloti resigned as a director on 22 July 2015 and Mr M H Mirzaei Fard was appointed in his place to the board of directors with effect from the same date.

Taxation status

The company is not a close company as defined by the provisions of the Income and Corporation Taxes Act 1988, and this position has not changed since the end of the financial year.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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

Naft Trading and Technology Company Limited

Directors' report (continued)

and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Overseas branches

Naft Trading and Technology Company Limited does not have any overseas branches.

Disclosure of information to auditor

In the case of each director in office at the date the directors' report is approved;

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

S M Hashemi
Director

1 July

2015

Naft Trading and Technology Company Limited

Strategic report

Principal activities

The operations of the company for the year have been concerned mainly with procuring materials and providing services for other group companies. The company also arranges finance for funding the operations of group companies.

Review of business and future developments

The profit and loss account for the year is set out on page 7.

Both the level of business and the year-end financial position are as expected. The European Union (EU) passed wide ranging trade sanctions against Iran on 26 July 2010 and extended these by further resolutions on 25 October 2010, 23 January, 23 March and 15 October 2012. This has had a significant effect on the company's services to other group members based in Iran. Therefore the directors expect the future level of activity to continue to be materially and significantly affected for the foreseeable future as long as these restrictive measures remain in place.

Naft Trading and Technology Company Limited is supported by its parent company Oil Pension Fund Investment Company (OPIC), to enable it to meet all its financial obligations as they fall due for at least 12 months from the date of signing of these financial statements. OPIC has confirmed this in writing to the company.

Principal risks and uncertainties

The company's operations expose it to a variety of risks that include some price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. In view of the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The directors seek to manage these risks as follows:

Price risk

The company is exposed to market fluctuations in the price of its goods for resale. The directors seek to minimise this risk by continuously monitoring the relevant market prices. The company is not exposed to price risk for its purchases as any increase will be absorbed by the company that has requested the purchase.

Credit risk

Sales are made mainly to group companies. Letters of credit and/or cash funds are received from customers to enable the company to purchase goods. This is not therefore considered to be a significant risk.

Liquidity risk

The company operates using funds received from its group companies and letters of credit designed to ensure that the company has sufficient funds available for operation.

Interest rate risk

The company's bank facilities are subject to fixed or variable rates of interest with no hedging in place to manage exposure to interest rates. Surplus cash is normally invested in fixed term and rate deposits. The directors therefore consider that the company does not incur the risk of interest rate movements as any changes on its variable rate borrowings are for the account of corresponding customers using those funds.

Naft Trading and Technology Company Limited

Strategic report (continued)

Foreign currency risk

Debtors, creditors, borrowings and cash balances are held in different currencies. The directors review foreign currency balances regularly to ensure assets and liabilities in different currencies are matched properly. The company therefore minimises the risk of foreign currency rate changes as necessary.

However since the imposition of trade and financial sanctions against Iran in 2010 the company has been unable to actively manage its foreign exchange position.

Key performance indicators

The management reviews the performance of the business periodically. The review covers key performance indicators. These include movements in turnover, profitability, liquidity and new business prospects.

By order of the board



S.M Hashemi
Director

1 July 2015

Naft Trading and Technology Company Limited

Independent auditor's report to the members of Naft Trading and Technology Company Limited

We have audited the financial statements of Naft Trading and Technology Company Limited for the year ended 20 March 2015 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 set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK 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 APB'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 20 March 2015 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 and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

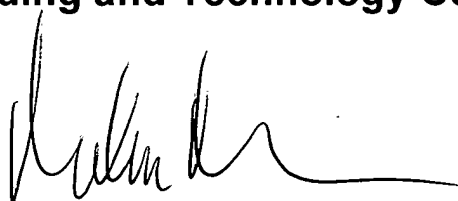
Matters on which we are required to report by exception

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.

Naft Trading and Technology Company Limited

Independent auditor's report to the members of Naft Trading and Technology Company Limited (continued)



Martin Niemann

Senior Statutory Auditor

For and on behalf of Roberts & Partners

Statutory Auditor, Chartered Accountants

London

4 July

2015

Naft Trading and Technology Company Limited

Profit and loss account for the year ended 20 March 2015

		2015	2014
	Note	£000	£000
Turnover	2	239	564
Cost of sales		(188)	(342)
Gross profit		51	222
Administrative expenses		(3,126)	(24)
Operating profit/(loss)	5	(3,075)	198
Interest receivable	6	10	10
Profit/(Loss) on ordinary activities before taxation		(3,065)	208
Tax on profit/(loss) on ordinary activities	7	-	-
Profit/(Loss) for the financial year		(3,065)	208

None of the company's activities were acquired or discontinued during the current year or previous year.

The company has no recognised gains or losses other than the profit/(loss) for the financial years, therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents.

Naft Trading and Technology Company Limited

Balance sheet as at 20 March 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	8	-	-
		-	-
Current assets			
Stocks	9	1,038	1,205
Debtors	10	17,984	19,611
Cash at bank and in hand		1,903	2,398
		20,925	23,214
Creditors: amounts falling due within one year	11	(23,981)	(23,205)
Net current assets/(liabilities)		(3,056)	9
Net assets/(liabilities)		(3,056)	9
Capital and reserves			
Called up equity share capital	16	3	3
Profit and loss account	12	(3,059)	6
Total shareholders' funds	13	(3,056)	9

The financial statements were approved by the board of directors on
were signed on its behalf by:

1 July 2015 and


S M Hashemi
Director

Registered in England and Wales number 7060396.

Naft Trading and Technology Company Limited

Cash flow statement for the year ended 20 March 2015

	Note	2015 £000	2014 £000
Net cash inflow/(outflow) from operating activities	17	(505)	6,339
Returns on investment and servicing of finance			
Interest received		10	10
Net cash inflow from returns on investment and servicing of finance		10	10
Taxation			
UK corporation tax paid		-	-
Capital expenditure and financial investments			
Purchase of tangible fixed assets		-	-
Net cash outflow from capital expenditure		-	-
Financing			
Decrease in borrowings		-	(6,777)
Net cash outflow from financing		-	(6,777)
Decrease in cash in the year	18	(495)	(428)

Naft Trading and Technology Company Limited

Notes to the financial statements for the year ended 20 March 2015

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The directors consider that it is appropriate that the financial statements for Naft Trading and Technology Company Limited are prepared on a going concern basis as it has sufficient funding, including a letter of support from its parent, to continue its activities for the foreseeable future.

Turnover

Turnover represents goods sold, fees for services received from and cost of funding charged to clients for the period. Turnover is recognised when the relevant goods have been invoiced and services have been rendered.

Interest receivable

Interest receivable by the company on bank deposits is recognised in the profit and loss account on an accruals basis.

Interest receivable from clients for arranging finance is recharged to them as paid and is included in both the turnover and the cost of sales.

Interest payable

Interest payable arises from arranging funding for services to clients. Therefore they are included within the cost of sales in the profit and loss account. The same amount without any margin is also recharged to clients and included in turnover.

Related party transactions

In accordance with Financial Reporting Standard 8 (Related Party Disclosures), the company has exercised the exemption not to disclose related party transactions between group companies.

Tangible fixed assets

The tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

The historic purchase cost includes any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their residual values, on a straight line basis over the expected useful economic lives of the fixed assets concerned. The principal rates used for this purpose are:

Computer equipment	15 – 50%
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Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

Naft Trading and Technology Company Limited

Notes to the financial statements (continued)

Raw materials, consumables and goods for resale - Purchase cost on a first in first out basis

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Pension scheme arrangements

The company operates a defined contribution pension scheme which is not contracted out of the state scheme. Pension costs are accounted for on the basis of actual contributions payable. The plan is a money purchase scheme administered by members' chosen stakeholder pension providers and the plan assets are entirely separate from those of the company.

The company provides no other post retirement benefits to its employees.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. The exchange risk lies with the company and any differences arising are taken to operating expenses within the profit and loss account.

2 Turnover

Turnover consists entirely of goods sold, fees received from and cost of funding charged to clients and is exclusive of trade discounts, value added tax and other taxes.

3 Directors' emoluments

	2015	2014
	£000	£000
Aggregate emoluments	40	40

Aggregate emoluments above represent salary only for 1 director during the year (2014: 1).

4 Employee information

The monthly average number of employees (including executive directors) by activity employed by the company during the year was:

	2015	2014
	Number	Number
By activity		
Finance, Administration and Information Technology	4	4

Naft Trading and Technology Company Limited

Notes to the financial statements (continued)

	2015	2014
	£000	£000
Staff costs (for the above persons)		
Wages and salaries	117	117
Social security costs	10	12
Other pension costs (see note 14)	4	4
	<u>131</u>	<u>133</u>

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2015	2014
	£000	£000
Depreciation charge – owned assets	-	-
Auditor's remuneration	4	4
Foreign exchange (gain)/loss	2,926	(693)
Provision for stocks	-	467
Provision for bad and doubtful debts	<u>-</u>	<u>50</u>

Significant foreign exchange gains / losses are being recorded since the imposition of trade and financial sanctions against Iran in 2010 as the company has been unable to actively manage its foreign exchange position.

6 Interest

Interest earned on bank deposits in the year of £10,000 (2014: £10,000) has been credited to the profit and loss account.

7 Tax on profit on ordinary activities

Regarding UK Corporation Tax (CT), the company is not a close company as defined by the provisions of the Income and Corporation Taxes Act 1988, and this position has not changed since the end of the financial year.

	2015	2014
	£000	£000
United Kingdom corporation tax at 20% on profit/(loss)	(613)	42
Taxable losses unutilised / (brought forward) at 20%	<u>613</u>	<u>(42)</u>
	<u>-</u>	<u>-</u>

Naft Trading and Technology Company Limited

Notes to the financial statements (continued)

8 Tangible fixed assets

	Computer equipment £000
Cost	
At 20 March 2014	24
Additions	-
At 20 March 2015	24
Accumulated depreciation	
At 20 March 2014	24
Charge for year	-
At 20 March 2015	24
Net book value	
At 20 March 2015	-
At 19 March 2014	-

9 Stocks

	2015 £000	2014 £000
Goods for resale	1,440	1,672
Less: Provision	(402)	(467)
	1,038	1,205

10 Debtors

	2015 £000	2014 £000
Amounts falling due within one year		
Trade debtors	445	209
Amounts owed by group undertakings	17,515	19,379
Other debtors	66	68
Less: Provision for bad and doubtful debts	(50)	(50)
Prepayments and accrued income	8	5
	17,984	19,611

Naft Trading and Technology Company Limited

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Amounts owed to parent company	8,113	8,580
Amounts owed to group undertakings	15,476	14,295
Corporation tax	7	7
Other taxation and social security payable	4	4
Other creditors	21	9
Accruals and deferred income	360	310
	<u>23,981</u>	<u>23,205</u>

Loans comprise:

- (i) The loan was repaid during last year (2013: Euro 8,000,000 from a bank at 3 months EURIBOR plus 7.00% per annum interest, secured against parent company guarantee and collateral for an initial period of 36 months. The loan was extended by 12 months of which 18 months remained at the year end).

12 Profit and loss account

	Profit and loss account £000
Opening reserves	6
Profit/(loss) for the financial year	(3,065)
Closing reserves	<u>(3,059)</u>

13 Total shareholders' funds

	2014	2014
	£000	£000
Opening shareholders' funds	9	(199)
Profit/(Loss) for the financial year	(3,065)	208
Closing shareholders' funds	<u>(3,056)</u>	<u>9</u>

Naft Trading and Technology Company Limited

Notes to the financial statements (continued)

14 Pension and similar obligations

The company operates a defined contribution pension scheme.

The total pension cost for the company was £4,000 (2014: £4,000).

15 Financial commitments

At 20 March 2015 the company had no other commitments (2014: £Nil).

16 Called up share capital

	2015 £000	2014 £000
Authorised		
100 ordinary equity shares of £30 each	<u>3</u>	<u>3</u>
Allotted, called up and fully paid		
100 ordinary equity shares of £30 each	<u>3</u>	<u>3</u>

17 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2015 £000	2014 £000
Operating profit/(loss)	(3,075)	198
Depreciation of tangible fixed assets	-	-
Decrease in stocks	167	698
Decrease/(increase) in debtors	1,627	6,680
(Decrease)/Increase in creditors	<u>776</u>	<u>(1,237)</u>
Net cash inflow/(outflow) from continuing operating activities	<u>505</u>	<u>6,339</u>

Naft Trading and Technology Company Limited

Notes to the financial statements (continued)

18 Analysis of net cash

	At 20 March 2015 £000	Cash flow £000	At 20 March 2014 £000
Cash at bank and in hand	1,903	(495)	2,398
Bank loan	-	-	-
Net (debt)/cash	<u>1,903</u>	<u>(495)</u>	<u>2,398</u>

19 Reconciliation of cash flow to movement in net cash

	Note	2015 £000	2014 £000
Decrease in cash in the year		(495)	(428)
Movement in borrowings		-	6,777
Movement in net cash/(debt) in the year		(495)	6,349
Opening net cash/(debt)		2,398	(3,951)
Closing net cash/(debt)	18	<u>1,903</u>	<u>2,398</u>

19 Ultimate parent company

The directors regard the National Iranian Oil Company Pension and Savings Fund (NIOC Pension Fund) as the controlling and ultimate parent company. National Iranian Oil Company (NIOC) is a company registered in Iran. Naft Trading and Technology Company Limited is a wholly owned subsidiary of Oil Pensions Investment Company (OPIC), a company registered in Iran. OPIC is wholly owned by NIOC Pension Fund. NIOC Pension Fund head office is at P.O. Box 1863, Taleghani Avenue, Tehran, Iran.