

**Phillips 66 CS Limited**  
**Annual reports and financial statements for the year ended**  
**31 December 2015**

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# Phillips 66 CS Limited

## Strategic report

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

### Principal activities

The principal activities of the company are the purchasing, storage, blending, distribution and selling of hydrocarbon products.

Throughout the financial year, the company's ultimate parent company was Phillips 66, an international integrated downstream energy company listed on the New York Stock Exchange under the ticker symbol "PSX". The company was a wholly owned subsidiary of Phillips 66 Limited until December 21 2015, when it became a wholly owned subsidiary of Phillips 66 UK Funding Limited.

### Future Developments

The Directors are not aware, at the date of this report, of any likely major changes in the company's principal activities in the coming year.

### Business review

The company made a loss during the year. It is the intention that the principal activities of the company will continue for the foreseeable future.

The key financial and other performance indicators during the year were as follows:

	2015	2014	Change
	\$'000	\$'000	%
Turnover	1,509,022	3,363,576	(55.1)
Operating loss	(17,318)	(40,045)	56.8
Shareholder's funds	522,286	171,890	203.8
Acid test ratio (current assets/current liabilities)	5.6	1.8	211.1

The operating loss of \$17.3 million (2014: \$40.0 million) is driven by difficult market conditions in the areas of operations, limiting profitable trading opportunities. The resulting loss was transferred to reserves. The company did not pay a dividend to ordinary shareholders in the year (2014: \$ nil).

Turnover decreased by 55.1% during the year driven by a significant fall in commodity prices. During the year margins improved and operating costs were reduced due to renegotiation or exit from storage commitments. As a result operating losses have decreased by 56.8% year on year.

The company's Balance Sheet, on page 9 of the financial statements, shows the company has net assets of \$522 million (2014: \$172 million). The movements on the company's reserves comprise the loss for the year and exchange differences on translation to US dollars and a share issue of 225,000,000 ordinary shares at \$1.61 and 50,000 ordinary shares at £1.00, resulting in an increase in share capital of \$362.3 million.

As part of the Phillips 66 group, the company operations have many performance indicators in place measuring Health, Safety and Environment to ensure that it continues to build on its strong commitment and performance. Safety of personnel, coupled with a responsible pro-active approach to managing the environment are core to the company's business. The ultimate financial impact arising from environmental policies, laws and regulations is difficult to determine as current and new standards continue to evolve.

### Subsequent events

There have been no adjusting subsequent events since the balance sheet date.

**Strategic report (continued)**

**Principal risks and uncertainties**

The principal risks and uncertainties facing the company are those that impact profitability and supply. The company operates in the worldwide crude oil market, and as such, is exposed to fluctuations in crude oil prices. Generally, the company's policy is to remain exposed to market prices of commodities, however, executive management may elect to use derivative instruments to hedge the price risk of crude oil production.

Risks and uncertainties include refinery down time, safety and crude supply, all of which could impact this company.

**Financial instruments and risk management**

**Commodity price risk**

The group's commercial organisation uses futures, forwards, swaps and options in various markets to accomplish the following objectives:

- Balance physical systems; in addition to cash settlement prior to contract expiration, exchange traded futures contracts may also be settled by physical delivery of the commodity, providing another source of supply to meet marketing demand.
  - Manage the risk to the company's cash flows from price exposures on specific crude oil transactions.
- Enable the use of market knowledge gained from these activities to do a limited amount of trading not directly related to the
- company's physical business. For the years ended 31 December 2015 and 2014, the gains and losses from this activity were not material to the company's cash flows or income from continuing operations.

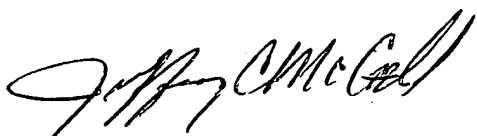
**Interest rate risk**

The company may be exposed to interest rate risk resulting from the company's banking arrangements. The company does not comprehensively hedge its exposure to interest rate changes although the company may selectively hedge exposure to interest rate risk.

**Foreign currency risk**

The company may be exposed to foreign currency exchange rate risk resulting from entering into certain transactions denominated in currencies other than the functional currency.

This report was approved by the board on 13 June 2016 and signed on its behalf by:



J C McCall  
Director

13 June 2016

Registered office:  
7th Floor  
200-202 Aldersgate Street  
London  
EC1A 4HD

# **Phillips 66 CS Limited**

## **Directors' report**

The Directors present their report on the affairs of the company, together with the Strategic report and financial statements, for the year ended 31 December 2015.

### **Going concern**

The company participates in the Phillips 66 group's centralised cash pooling arrangements and so shares banking arrangements with other affiliates. The liquidity of the cash pool has been underwritten by the company's ultimate parent, Phillips 66.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **Financial instruments and risk management**

Information relating to financial instruments and the management of financial risks are disclosed in the Strategic Report.

### **Dividends**

The Directors did not recommend a final dividend for the year ended 31 December 2015 (2014: \$ nil).

### **Directors**

The Directors, who served throughout the year unless otherwise noted, were as follows:

E N Matthews

G S Taylor

J C McCall

J E Davidson (appointed 2 April 2015)

J R Stoll

D R Blakemore (resigned 2 April 2015)

M J Morrison (resigned 24 March 2016)

### **Disclosure of information to auditor**

Each of the Directors at the date of approval of this report confirms that:

- so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware;

having made enquiries of fellow Directors and the company's auditor, each director has taken all the steps that he is obliged to

- take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Re-appointment of auditor**

Pursuant to s386 of the Companies Act 1985 and continuing under the Companies Act 2006, an elective resolution was passed dispensing with the requirement to appoint the auditor annually. This election was in force immediately before 1 October 2007, therefore Ernst & Young LLP are deemed to continue as the auditor.

**Phillips 66 CS Limited**

**Directors' report (continued)**

This report was approved by the board on 13 June 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J C McCall', is written over a horizontal line.

J C McCall  
Director

13 June 2016

Registered office:

7th Floor

200-202 Aldersgate Street

London

EC1A 4HD

**Directors' responsibilities statement**

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

Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' 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 the 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; and
- state whether applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice),
- including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements.

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

## **Independent auditor's report to the members of Phillips 66 CS Limited**

We have audited the financial statements of Phillips 66 CS Limited for the year ended 31 December 2015 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 page 5, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the Annual Reports and Financial Statements 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.

### **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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been properly 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 Strategic Report and 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 Phillips 66 CS Limited (continued)**

**Matters on which we are required to report on 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.

**Ernst & Young LLP**

Jacqueline Ann Geary (Senior Statutory Auditor)

For and on behalf of:

Ernst & Young LLP

Statutory Auditor

London

14 June 2016



## Phillips 66 CS Limited

### Income Statement

For the year ended 31 December 2015

		2015 \$'000	2014 \$'000
	Note		
Turnover	2	1,509,022	3,363,576
Cost of Sales		<u>(1,519,137)</u>	<u>(3,396,945)</u>
<b>Gross loss</b>		(10,115)	(33,369)
Administration expenses		<u>(7,203)</u>	<u>(6,676)</u>
<b>Operating loss</b>	3	(17,318)	(40,045)
Interest receivable and similar income	6	5,388	7,894
Interest payable and similar charges	7	<u>-</u>	<u>(5)</u>
<b>Loss on ordinary activities before taxation</b>		(11,930)	(32,156)
Tax on loss on ordinary activities	8	<u>-</u>	<u>912</u>
<b>Loss for the financial year</b>		<u>(11,930)</u>	<u>(31,244)</u>

#### Continuing operations

All recognised gains and losses are included in the income statement and all activities relate to continuing operations.

### Statement of comprehensive income

For the year ended 31 December 2015

	2015 \$'000	2014 \$'000
Loss for the financial year	(11,930)	(31,244)
<b>Other comprehensive income</b>		
<b>Items that cannot be reclassified to profit or loss</b>		
Foreign currency gain	1	-
<b>Total comprehensive loss for the year</b>	<u>(11,929)</u>	<u>(31,244)</u>

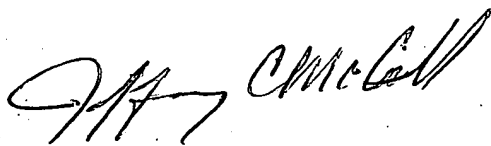
**Phillips 66 CS Limited**  
Registered number: 2809975

**Balance Sheet**

At 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Fixed assets</b>			
Investments	9	-	-
<b>Current assets</b>			
Stocks	10	27,595	5,392
Debtors due within one year	11	607,079	259,721
Debtors due after one year	11	-	113,136
Cash at bank and in hand		64	18
		<u>634,738</u>	<u>378,267</u>
Creditors due within one year	12	(13,178)	(23,539)
Bank overdraft		(99,274)	(182,838)
		<u>(112,452)</u>	<u>(206,377)</u>
<b>Net current assets</b>		<u>522,286</u>	<u>171,890</u>
<b>Net assets</b>		<u>522,286</u>	<u>171,890</u>
<b>Capital and reserves</b>			
Called up share capital	13	362,326	1
Share premium		288,046	288,046
Currency translation reserve		(217)	(218)
Accumulated losses		<u>(127,869)</u>	<u>(115,939)</u>
<b>Shareholder's funds</b>		<u>522,286</u>	<u>171,890</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2016 and signed on its behalf by



J C McCall  
Director

13 June 2016

Registered office:

7th Floor  
200-202 Aldersgate Street  
London  
EC1A 4HD

# Phillips 66 CS Limited

## Statement of Changes in Equity

For the year ended 31 December 2015

	Called Up Share Capital	Share Premium	Foreign Currency Translation	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>	1	288,046	(218)	(84,695)	203,134
Loss for the year	-	-	-	(31,244)	(31,244)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(31,244)	(31,244)
<b>At 31 December 2014</b>	1	288,046	(218)	(115,939)	171,890
Loss for the year	-	-	-	(11,930)	(11,930)
Other comprehensive income	-	-	1	-	1
<b>Total comprehensive (loss) for the year</b>	-	-	1	(11,930)	(11,929)
<b>Movements in equity</b>					
Share Issue	362,325	-	-	-	362,325
<b>At 31 December 2015</b>	362,326	288,046	(217)	(127,869)	522,286

# Phillips 66 CS Limited

## Notes to the Financial Statements

For the year ended 31 December 2015

### 1. Accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015. The financial statements are prepared in United States Dollars and are rounded to the nearest dollar.

#### *Statement of compliance*

Phillips 66 CS Limited (the "Company") is a company incorporated and domiciled in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention. The results of Phillips 66 CS Limited are included in the consolidated financial statements of Phillips 66 which are available at [www.phillips66.com](http://www.phillips66.com).

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of paragraphs 10(d) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions in wholly owned by such a member.

As the consolidated financial statements of Phillips 66 include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 Financial Instrument Disclosure.

#### *Related party transactions*

In accordance with paragraphs 8(k) and (j) of FRS 101, the company has taken advantage of the exemption not to disclose related party transactions with other wholly-owned members of the group, or key management personnel.

#### *Basis of consolidation*

The company is exempt from preparing consolidated financial statements by virtue of section 401 of the Companies Act 2006. Consolidated accounts are prepared by the company's ultimate parent company, Phillips 66, a company registered in Delaware, USA.

#### *Presentation currency*

The company presents its financial statements in United States Dollars.

#### *Foreign currency*

The company's functional currency is the United States Dollar.

Trading transactions denominated in foreign currencies are translated into functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the end of the financial period. Exchange gains or losses are included in operating loss.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

**Going concern**

These financial statements have been prepared on a going concern basis. The Directors believe that this is appropriate as they have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. The company participates in the Phillips 66 group's centralised cash pooling arrangements and so shares banking arrangements with other affiliates. The liquidity of the cash pool has been underwritten by the company's ultimate parent, Phillips 66.

**Financial guarantee**

The company participates in a multiparty account cash pooling arrangement operated by Bank of America, together with other wholly owned subsidiaries of Phillips 66 Company. Each company within the arrangement guarantees the payment of the liabilities of the other companies within the arrangement as they fall due, and to make good any default by other companies within the arrangement. No value is recognised by the company in the balance sheet for this guarantee, as it is not considered probable that there will be an outflow of resources under this guarantee.

**Significant judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

**Inventories**

Stocks are stated at fair value less cost to sell in accordance with FRS 101.

**Taxation**

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax is recognised on all taxable or deductible temporary differences except:

- where the deferred tax asset or liability arises from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- in respect of a deferred tax asset on a deductible temporary difference, it is not probable that taxable profit will be available against which it can be utilised.

Deferred tax assets and liabilities are recorded at the tax rates that are expected to apply in the period of realisation or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss in correlation to the underlying transaction, either in other comprehensive income or directly in equity.

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Revenues associated with transactions commonly called buy/sell contracts, in which the purchase and sale of inventory or services with the same counterparty are entered into in contemplation of one another, are combined and reported net.

#### *Leases*

Rentals paid under operating leases are charged to the income statement in the period in which they arise. Finance leases are capitalised with an offsetting liability shown in creditors as per FRS 101.

#### *Derivative instruments*

The company uses derivative instruments to hedge the effects of fluctuations in the price of crude oil. The instruments are measured at fair value. Any gains or losses arising from commodity derivative contracts are recognised in the Income Statement account in line with the underlying sales transaction.

#### *Interest income*

Interest income is recognised using the effective interest rate method.

#### *Interest expense and long term borrowings*

All interest-bearing loans and borrowings are initially recognised at fair value. Thereafter, the loan is stated at amortised cost using the effective interest rate method.

#### *Loans*

Loans are initially recorded at fair value. The discount on the loans receivable has been recorded as an adjustment to the share premium that arose when the company issued shares in consideration for the acquisition of those receivables and the shareholding in Phillips 66 Ireland Ltd. Thereafter, the loan is stated at amortised cost using the effective interest rate method to accrete the discount over the loan period such that at the end of the loan period the amortised cost equals the face value of the loan.

#### *Share premium*

The share premium account constitutes the excess value of the share capital paid into the company above the nominal value of the shares.

### 2. Turnover

Turnover and operating loss are principally attributable to the trading of hydrocarbons in Europe.

### 3. Operating loss

	2015	2014
Operating loss is stated after crediting:	\$'000	\$'000
Net foreign currency exchange differences	644	939
Cost of stocks recognised as an expense	1,479,604	3,350,003
Operating lease charges	25,002	38,453

## Phillips 66 CS Limited

### Notes to the Financial Statements (continued)

#### 4. Information regarding Directors and employees

##### (a) Directors' emoluments

No emoluments were paid to the Directors for their qualifying services to Phillips 66 CS Limited in the current year. All Directors' contracts of employment are held with another group company.

Phillips 66 manages its operations at a segmental and geographical level. For this reason the company's Directors believe that it is not practicable to apportion their remuneration between qualifying services for this company and the other group companies in which they hold office.

##### (b) Employees

The company had no employees in the current period. All contracts of employment are held with another group company.

#### 5. Auditor remuneration

	2015	2014
	\$'000	\$'000
Fees payable to the company's auditor for the:		
Audit of the company's annual accounts	69	63
Audit related assurance services	31	-
Inventory attestation	10	9
	<u>110</u>	<u>72</u>

#### 6. Interest receivable and similar income

	2015	2014
	\$'000	\$'000
Bank interest	1	-
Interest received from group companies	1,535	1,987
Accreted discount of loans to subsidiaries	3,852	5,907
	<u>5,388</u>	<u>7,894</u>

#### 7. Interest payable and similar charges

	2015	2014
	\$'000	\$'000
Bank loans and overdrafts	-	5

Notes to the Financial Statements (continued)

8. Taxation

(a) Tax benefit in the Income Statement

	2015 \$'000	2014 \$'000
Current income tax:		
UK corporation tax credit	-	-
Amounts overprovided in previous years	-	(912)
Total current income tax credit	-	(912)
Tax credit in the Income Statement	-	(912)
The tax credit in the Income Statement is disclosed as follows:		
Income tax credit on continuing operations	-	(912)
	-	(912)

(b) Reconciliation of the total tax credit

The tax credit in the Income Statement for the year varies from the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

	2015 \$'000	2014 \$'000
Loss from continuing operations before taxation	(11,930)	(32,156)
Accounting loss before income tax	(11,930)	(32,156)
Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%)	(2,416)	(6,914)
Expenses not deductible for tax purposes	122	166
Foreign currency differences	34	1,011
Tax losses not recognised	2,451	5,967
Other temporary differences	(191)	(230)
Tax over provided in previous years	-	(912)
Total tax benefit reported in the Income Statement	-	(912)

(c) Unrecognised deferred tax

The Company has estimated tax losses of \$44 million (2014: \$34 million) and other temporary differences of \$7 million (2014: \$9 million) for which a deferred tax asset has not been recognised.

(d) Change in corporation tax rate

The UK Government enacted legislation on 18 November 2015 to reduce the main rate of corporation tax to 19% on 1 April 2017 and to 18% from 1 April 2020.

Subsequently, the UK Government announced on 16 March 2016 to further reduce the rate to 17% from 1 April 2020, which has not yet been substantively enacted.

It is not anticipated that these rate reductions will have a material impact on the company's future tax position.



# Phillips 66 CS Limited

## Notes to the Financial Statements (continued)

### 9. Investments in subsidiaries

Company	Country of Incorporation	Principal activities
Phillips 66 Ireland Limited	Republic of Ireland	Refinery ownership and operation
Phillips 66 Whitegate Refinery Limited*	Republic of Ireland	Refining and distillation

The company acquired 100% of the share capital and voting rights of the above company on 17 April 2012 from ConocoPhillips, a group company, at a value of \$nil. The above subsidiary company is incorporated in and operates principally in the Republic of Ireland and is currently held for sale. Phillips 66 Ireland Limited owns 100% of the ordinary share capital of Phillips 66 Whitegate Refinery Limited and consequently the company holds an indirect 100% interest in Phillips 66 Whitegate Refinery Limited

### 10. Stocks

	2015	2014
	\$'000	\$'000
Raw materials and consumables	27,595	5,392

### 11. Debtors

	2015	2014
	\$'000	\$'000
Amounts falling due within one year		
Trade debtors	12,295	29,187
Derivatives and other financial instruments	7,601	15,503
Amounts owed by group companies	92,801	109,402
Loans owed by group companies	479,684	100,000
Other debtors	14,698	5,629
	607,079	259,721

	2015	2014
	\$'000	\$'000
Loan amounts owed by group companies are stated at amortised cost:		
Face value	76,114	100,000
Discount	(13,017)	(6,754)
Fair value at inception of loan	63,097	93,246
Accreted discount	10,889	6,754
Amortised cost	73,986	100,000

Amounts falling due after one year		
Amounts owed by group companies	-	43,001
Loans owed by group companies	-	70,135
	-	113,136

Loan amounts owed by group companies are stated at amortised cost:		
Face value	-	76,114
Discount	-	(13,017)
Fair value at inception of loan	-	63,097
Accreted discount	-	7,038
Amortised cost	-	70,135

All other loans owed by group companies are repayable on demand and recorded at their principal value.

Notes to the Financial Statements (continued)

12. Creditors

	2015	2014
Amounts falling due within one year	\$'000	\$'000
Trade creditors	2,538	16,031
Amount owed to group companies	-	7,508
Other creditors	10,218	-
Accruals and deferred income	422	-
	<u>13,178</u>	<u>23,539</u>

13. Share capital and rights attaching to the Company's shares

			2015	2014
	Nominal value:	Number:	\$'000	\$'000
Allotted, called up and fully paid:				
Ordinary Shares	\$1.61 each	500	1	1
Ordinary Shares issued December 2015	\$1.61 each	225,000,000	362,250	-
Ordinary Shares issued December 2015	£1.00 each	50,000	75	-
			<u>362,326</u>	<u>1</u>

Subject to the provisions of Companies Act 2006 and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine or, subject to and in default of such determination, as the Directors shall determine. There are currently no shares with special rights.

*Distribution*

Subject to the provisions of Companies Act 2006, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

14. Obligations under leases

Operating lease agreements where the company is the lessee

The company has entered into commercial leases for certain storage locations. These leases have an average duration of between 3 and 5 years. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2015	2014
	\$'000	\$'000
Not later than one year	16,191	23,494
After one year but more than five years	5,294	33,158
	<u>21,485</u>	<u>56,652</u>

15. Ultimate controlling party

Phillips 66, a company registered in Delaware, USA, which the members regard as the entity's ultimate parent undertaking with respect to the year ended 31 December 2015, is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. Copies of the 2015 Annual Report may be obtained from 3010 Briarpark Drive, Houston, TX 77042, USA.

On December 21, 2015, ownership of the company was transferred from Phillips 66 Limited to Phillips 66 UK Funding Limited, a company registered in England, which became the immediate parent undertaking with respect to the year ended 31 December 2015.