

REGISTERED NUMBER: 02544586 (England and Wales)

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2016
for
Pentland Aviation Fuelling Services Limited

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Pentland Aviation Fuelling Services Limited

Contents of the Financial Statements
for the Year Ended 31 December 2016

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Statement of Total Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Statement of Cash Flows	10
Notes to the Financial Statements	11

Pentland Aviation Fuelling Services Limited

Company Information
for the Year Ended 31 December 2016

DIRECTORS:

M M Henderson
R Squitieri
M J Workman
I A Shearer

SECRETARY:

L Carter

REGISTERED OFFICE:

6th Floor (C/o Q8 Aviation)
Dukes Court Duke Street
Woking
Surrey
GU21 5BH

REGISTERED NUMBER:

02544586 (England and Wales)

AUDITOR:

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square, Cross Lanes
Guildford
Surrey
GU1 1UN

Pentland Aviation Fuelling Services Limited

Strategic Report **for the Year Ended 31 December 2016**

The directors present their strategic report and financial statements for Pentland Aviation Fuelling Services Limited (the "Company") for the year ended 31 December 2016.

FAIR REVIEW OF BUSINESS

The Company made a profit after taxation during the year of £1,313,954 (2015: £1,463,397). The directors consider the results to be satisfactory, expect the company's profitability to remain at similar levels in future years, and cash-flows are expected to remain sound.

Interim dividends of £150,000 were paid during the year (2015: £1,055,184).

The Company's cash flow remains stable, with cash at balance sheet date of £3,052,128 (2015: £1,963,226), after dividend payments.

The Board's key measurement of financial KPIs are the Company's operating cost and project expenditure against budget. The Board is satisfied that the Company remained broadly within these budgeted parameters during 2016.

At the date of this report the share capital is jointly owned by BP International Limited, Kuwait Petroleum International Aviation Company (UK) Limited and Air BP Norge AS (formerly Statoil Fuel and Retail Aviation AS).

STRATEGIC MANAGEMENT

The Company has four key strategic priorities, which are to:

- ensure and assure that the fuel delivered at Glasgow and Edinburgh airports is fit for purpose;
- achieve excellent Health, Safety, Security and Environmental performance;
- achieve excellent Process Safety Performance and to achieve the highest possible level of operational continuity; and
- maintain full compliance with all legal and mandatory requirements.

The Company's non-financial KPIs relate to performance against each of its three key priorities;

- Health, Safety, Security and Environmental performance is assessed using a number of standard Joint Inspection Group (JIG) measures;
- Process safety performance indicators relate to risk assessments, maintenance and inspection, and people; and
- operational continuity performance is assessed by reviewing the frequency and duration of shut-downs.

The Board considers that the performance against all of these measures remained within acceptable limits during 2016.

FUTURE DEVELOPMENTS

The Company intends to continue operating the existing tank farms at Glasgow and Edinburgh airports in accordance with the provisions of the existing leases which terminate June 2026.

With regard to Britain's exit from the European Union, the Company does not export to other countries in the European Union (EU) and spends less than 1% of its turnover on imports. It has no direct employees, so the question of whether any of them are EU nationals does not arise.

At present the Company does not expect there to be any material impact on its operations regarding Britain's exit from the EU but is keeping this under review.

OPERATIONAL RISK MANAGEMENT

The principal risk for the company is a shortage of fuel supply. The Board is satisfied that supplies of jet fuel into the airports were adequate to meet unconstrained demand throughout 2016 and this is to continue in 2017.

FINANCIAL RISK MANAGEMENT

Credit risk - The Company has considered its exposure to customer credit risk and has determined that its risk is negligible.

Liquidity risk - The Company actively manages its finances by reviewing cash flows, performance against budget and the availability of working capital to ensure that it has sufficient available funds for its operations.

Interest rate risk - The Company's external borrowings are held at floating rates. The Company monitors all interest-bearing assets and liabilities and their financial impact.

HEALTH AND SAFETY

The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Health, Safety, Security and Environment (HSSE) Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The Company is committed to continuous efforts to identify and eliminate or manage health and safety risks associated with its activities.

Pentland Aviation Fuelling Services Limited

Strategic Report
for the Year Ended 31 December 2016

ENVIRONMENTAL POLICY

The Company has a policy to ensure that it conducts its business in a manner that is compatible with the balanced environmental and economic needs of the community. Further, it is the Company's policy to comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist.

ON BEHALF OF THE BOARD:



.....
L Carter - Secretary

Date: 15/9/17.....

Pentland Aviation Fuelling Services Limited

Report of the Directors **for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of management and maintenance of facilities for storing Jet A1 fuel at Glasgow and Edinburgh airports, and to provide into-plane services for airlines using those airports.

DIVIDENDS

A dividend policy is established and under regular review. No final dividend is proposed for the year ended 31 December 2016.

DIRECTORS

The directors listed below have held office during the whole of the period from 01 January 2016 to the date of this report unless otherwise stated.

M M Henderson
R Squitieri
M J Workman

E Hatlebakk - resigned 3 August 2016
A Ljungmann - resigned 3 August 2016
G Skogstad - resigned 3 August 2016
P Westerman - resigned 1 June 2016
A C F Taylor - appointed 7 June 2016, resigned 1 October 2016
I A Shearer - appointed 1 October 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, RSM UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
L Carter - Secretary

Date: 15/9/17

Independent Auditors Report to the Members of Pentland Aviation Fuelling Services Limited
Pentland Aviation Fuelling Services Limited

Opinion on financial statements

We have audited the financial statements on pages six to seventeen. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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.

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.

RSM UK Audit LLP

Jonathan Da Costa (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square, Cross Lanes
Guildford
Surrey
GU1 1UN

Date: 22/9/2017

Pentland Aviation Fuelling Services Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2016

	Notes	2016 £	2015 £
TURNOVER	3	10,682,982	9,637,576
Cost of sales		<u>(3,055,192)</u>	<u>(2,591,853)</u>
GROSS PROFIT		7,627,790	7,045,723
Other Operating Costs		(1,250,581)	(1,296,139)
Administrative expenses		<u>(4,754,889)</u>	<u>(4,311,777)</u>
		1,622,320	1,437,807
Other operating income		<u>227,182</u>	<u>224,906</u>
OPERATING PROFIT	5	1,849,502	1,662,713
Interest receivable and similar income	6	<u>7,218</u>	<u>7,516</u>
		1,856,720	1,670,229
Interest payable and similar expenses	7	<u>(28,795)</u>	<u>(29,478)</u>
PROFIT BEFORE TAXATION		1,827,925	1,640,751
Tax on profit	8	<u>(513,971)</u>	<u>(177,354)</u>
PROFIT FOR THE FINANCIAL YEAR		1,313,954	1,463,397
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,313,954</u></u>	<u><u>1,463,397</u></u>

Pentland Aviation Fuelling Services
Limited (Registered number: 02544586)

Statement of Financial Position
31 December 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	10	3,722,232	3,906,380
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	1,760,658	1,317,560
Cash at bank and in hand		<u>3,052,128</u>	<u>1,963,226</u>
		4,812,786	3,280,786
CREDITORS			
Amounts falling due within one year	12	<u>(4,059,967)</u>	<u>(3,748,359)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>752,819</u>	<u>(467,573)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,475,051	3,438,807
PROVISIONS FOR LIABILITIES	16	<u>(734,737)</u>	<u>(862,447)</u>
NET ASSETS		<u>3,740,314</u>	<u>2,576,360</u>
CAPITAL AND RESERVES			
Called up share capital	17	600	600
Retained earnings	18	<u>3,739,714</u>	<u>2,575,760</u>
SHAREHOLDERS' FUNDS		<u>3,740,314</u>	<u>2,576,360</u>

The financial statements on pages 6 to 17 were approved by the Board of Directors on and were signed on its behalf by:

 15/9/17

 M Workman Director

Pentland Aviation Fuelling Services Limited

Statement of Changes in Equity
for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	600	2,167,547	2,168,147
Changes in equity			
Profit and total comprehensive income	-	1,463,397	1,463,397
Transactions with owner:			
Dividends	-	(1,055,184)	(1,055,184)
Balance at 31 December 2015	<u>600</u>	<u>2,575,760</u>	<u>2,576,360</u>
Changes in equity			
Profit and total comprehensive income	-	1,313,954	1,313,954
Transactions with owner:			
Dividends	-	(150,000)	(150,000)
Balance at 31 December 2016	<u>600</u>	<u>3,739,714</u>	<u>3,740,314</u>

Pentland Aviation Fuelling Services Limited**Statement of Cash Flows**
for the Year Ended 31 December 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	2,387,665	2,427,275
Interest paid		(28,795)	(29,478)
Income taxes paid		<u>(716,256)</u>	<u>(71,946)</u>
Net cash from operating activities		<u>1,642,614</u>	<u>2,325,851</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(410,930)	(110,219)
Sale of tangible fixed assets		-	24,798
Interest received		<u>7,218</u>	<u>7,516</u>
Net cash from investing activities		<u>(403,712)</u>	<u>(77,905)</u>
 Cash flows from financing activities			
Equity dividends paid		<u>(150,000)</u>	<u>(1,055,184)</u>
Net cash from financing activities		<u>(150,000)</u>	<u>(1,055,184)</u>
 Increase in cash and cash equivalents		<u>1,088,902</u>	<u>1,192,762</u>
Cash and cash equivalents at beginning of year		<u>1,963,226</u>	<u>770,464</u>
 Cash and cash equivalents at end of year		<u><u>3,052,128</u></u>	<u><u>1,963,226</u></u>

Pentland Aviation Fuelling Services Limited

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2016

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit for the financial year	1,313,954	1,463,397
Depreciation charges	529,254	438,064
Loss on disposal of fixed assets	65,824	9,375
Increase in provision	(34,122)	(65,963)
Interest payable and similar charges	28,795	29,478
Interest receivable and similar income	(7,218)	(7,516)
Taxation	<u>513,971</u>	<u>177,354</u>
	2,410,458	2,044,189
(Increase)/decrease in trade and other debtors	(443,098)	455,560
Increase/(decrease) in trade and other creditors	<u>420,305</u>	<u>(72,474)</u>
Cash generated from operations	<u>2,387,665</u>	<u>2,427,275</u>

Notes to the Financial Statements
for the Year Ended 31 December 2016

1. STATUTORY INFORMATION

Pentland Aviation Fuelling Services Limited ("the Company") is a private company limited by shares domiciled, and incorporated in England. The address of the Company's registered office and principal place of business is Duke Court, Duke Street, Woking, Surrey, GU21 5BH.

The Company's principal activities and nature of its operations are disclosed on page 4.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, (The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006).

The Directors consider the Company to be a going concern despite the pre-existing shareholder loan agreements having expired in 2015 but since then having written undertakings from the shareholders to confirm that the overall level of existing loans would be maintained to ensure continuity. On 24th August 2017 new 3-year shareholder loan agreements between the Company and the shareholders were executed.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The financial statements are present in sterling which is also the functional currency of the Company.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Tangible fixed assets

Tangible fixed assets are recognised at cost and subsequently measured at historical cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all tangible assets at the following rates in order to write off the cost of the assets evenly over their estimated useful lives:

Leasehold Land and Buildings - over the remainder of the lease, up to 30 years

Plant and Machinery - 3 to 32 years on a straight-line basis

After carrying out a review of the policy, the range of estimated useful life for Plant and Machinery was re-assessed in the year, and extended slightly. It was decided that the useful life of Tractors would be changed from 15 years to 16 years and that the useful life of Trailers would be changed from 30 years to 32 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under the course of construction

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the asset to its operating condition. Depreciation commences when the assets are ready for their intended use.

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other taxable profits.

Provisions for environmental and refurbishment costs

The total costs of reinstatement and surface restoration are recognised in the environmental provision. An external assessment is carried out on each site every 5 years. Provision is made for the costs of refurbishment that arise from obligations under operating leases.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Statements' and Section 12 'other Financial Instrument Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Pentland Aviation Fuelling Services Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The valuation of the year environmental provision requires estimates to be made about its anticipated costs of future site rehabilitation. Where possible external specialists are periodically used to estimate these costs, and the directors review these estimates annually and revise the provision accordingly.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

Hire purchase and leasing commitments

The Company as Lessee - Operating Leases

All operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense are recognised, on a straight-line basis over the lease term.

The Company as Lessor - Operating Leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

3. TURNOVER

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

Turnover represents the amounts derived from the provision of services which fall within the Company's ordinary activities wholly undertaken within the United Kingdom, stated net of value added tax.

4. EMPLOYEES AND DIRECTORS

There were no employees during the year 2016 (2015:nil). The directors, who received no remuneration in 2016 (2015:nil) from the Company, are senior executives for, and are remunerated by, the shareholders and there is no remuneration to disclose for key management personnel.

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation - owned assets	529,254	438,064
Loss on disposal of fixed assets	65,704	9,375
Auditor's remuneration	12,400	23,488
Management charges	35,000	35,000
Increase/(decrease) in environmental and refurbishment provisions	<u>(8,600)</u>	<u>10,677</u>

Pentland Aviation Fuelling Services Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest receivable	<u>7,218</u>	<u>7,516</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Other loan interest	<u>28,795</u>	<u>29,478</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	442,209	367,318
UK corporation tax in respect of previous periods	<u>165,350</u>	<u>(75,776)</u>
Total current tax	607,559	291,542
Deferred tax	<u>(93,588)</u>	<u>(114,188)</u>
Tax on profit	<u>513,971</u>	<u>177,354</u>

UK corporation tax was charged at 20.25% in 2015.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before tax	<u>1,827,925</u>	<u>1,640,751</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	365,585	332,252
Effects of:		
Capital allowances in excess of depreciation	-	(14,959)
Adjustments to tax charge in respect of previous periods	165,350	(75,776)
Effect of changes in tax rate	<u>(16,964)</u>	<u>(64,163)</u>
Total tax charge	<u>513,971</u>	<u>177,354</u>

9. DIVIDENDS

	2016	2015
	£	£
Ordinary A shares of £1 each		
Interim	<u>150,000</u>	<u>1,055,184</u>

Pentland Aviation Fuelling Services Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Assets under the course of construction £	Totals £
COST				
At 1 January 2016	1,135,304	7,497,061	-	8,632,365
Additions	-	399,987	10,943	410,930
Disposals	-	(65,824)	-	(65,824)
At 31 December 2016	<u>1,135,304</u>	<u>7,831,224</u>	<u>10,943</u>	<u>8,977,471</u>
DEPRECIATION				
At 1 January 2016	709,226	4,016,759	-	4,725,985
Charge for year	<u>138,131</u>	<u>391,123</u>	<u>-</u>	<u>529,254</u>
At 31 December 2016	<u>847,357</u>	<u>4,407,882</u>	<u>-</u>	<u>5,255,239</u>
NET BOOK VALUE				
At 31 December 2016	<u>287,947</u>	<u>3,423,342</u>	<u>10,943</u>	<u>3,722,232</u>
At 31 December 2015	<u>426,078</u>	<u>3,480,302</u>	<u>-</u>	<u>3,906,380</u>

The net book value of fixed assets utilised by the company in operating lease contracts is £2,275,076 (2015: £2,426,435), and the depreciation charge for 2016 is £151,359 (2015: £186,952).

The amount of the adjustment that has been made due to the change in depreciation rates in 2016 is (£8,127).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	1,330,529	1,044,738
Other debtors	-	184,200
VAT	105,781	66,890
Prepayments	<u>324,348</u>	<u>21,732</u>
	<u>1,760,658</u>	<u>1,317,560</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other loans (see note 14)	2,697,970	2,697,970
Trade creditors	117,500	103,454
Corporation tax	258,620	367,318
Accruals and deferred income	<u>985,877</u>	<u>579,617</u>
	<u>4,059,967</u>	<u>3,748,359</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year or on demand:		
Other loans	<u>2,697,970</u>	<u>2,697,970</u>

Pentland Aviation Fuelling Services Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

Further information with regard to the loan agreement can be found in Note 21, Post Balance Sheet Events.

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	1,053,840	934,116
Between one and five years	4,430,384	3,927,061
In more than five years	6,055,025	5,746,693
	<u>11,539,249</u>	<u>10,607,870</u>

Payments under non-cancellable operating leases are directly linked to income and so actuals paid are likely to differ from the figures above.

15. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Financial assets		
Measured at amortised cost	<u>1,330,529</u>	<u>1,228,938</u>
 Financial Liabilities		
Measured at amortised cost	<u>3,813,099</u>	<u>3,381,041</u>

16. PROVISIONS FOR LIABILITIES

The deferred tax liability has been calculated using a rate of 17%, which represents the expected enacted rate of corporation tax at 31st December 2016 and is the rate at which the liability is expected to be reverse.

	Environmental provision	Refurbishment provision	Deferred taxation	Total
	£	£	£	£
At 1st January 2016	315,720	96,000	450,727	862,447
Utilised in the year	-	(74,000)	-	(74,000)
Transfer from profit and loss	11,048	54,350	(93,588)	(28,190)
Rate of inflation adjustment	<u>(25,520)</u>	<u>-</u>	<u>-</u>	<u>(25,520)</u>
At 31st December 2016	<u>301,248</u>	<u>76,350</u>	<u>357,139</u>	<u>734,737</u>

The total costs of reinstatement and surface restoration works is recognised by the environmental provision, which has been calculated to the period where the operating licence is due to expire on 1st July 2026. The provision is based on third party valuations.

As part of the lease agreement on the airport sites, the company may be required to undertake various repairs and refurbishment works at one or both of the airport sites on a rolling basis. Repair works totalling £54,350, identified as being required in order to satisfy the requirements of the lease, were identified during the year. Refurbishment works at a cost of £96,000 identified last year and scheduled to be carried-out in 2016, were carried-out with a cost of £74,000 in the year.

Deferred taxation relates to capital allowances in excess of depreciation.

Pentland Aviation Fuelling Services Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2016	2015
Number:	Class:		£	£
200	Ordinary A	£1	200	200
200	Ordinary B	£1	200	200
200	Ordinary C	£1	<u>200</u>	<u>200</u>
			<u>600</u>	<u>600</u>

All ordinary shares have equal rights attached, and are without restriction

18. RESERVES

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the year and prior years less distributions to owners.

19. CAPITAL COMMITMENTS

	2016	2015
	£	£
Contracted but not provided for in the financial statements	<u>1,280,970</u>	<u>-</u>

At the balance sheet date £1,280,970 was committed towards the purchase of new motor vehicles. Post balance sheet, £451,200 has been paid and the balance is to be settled when the assets are ready to be delivered.

20. RELATED PARTY DISCLOSURES

During 2016 the Company provided fuelling services for its joint owners, BP International Limited, Kuwait Petroleum International Aviation Company (UK) Limited and Air BP Norge AS (formerly known as Statoil Fuel & Retail AS), as well as vehicle leasing services for S & JD Robertson North Air Limited. Amounts receivable from these related parties for these services were £6,175,285 (2015: £6,703,768). At 31st December 2016 an amount of £617,757 (2015: £604,793) was owed to the Company by these related parties and is included in trade debtors.

During 2016 management services were provided to Pentland Aviation Fuelling Services Limited by its joint owners, as well as site operating services by S & JD Robertson North Air Limited. In the year the Company paid £6,679,987 in respect of these services (2015: £6,232,832). At 31st December 2016 an amount of £64,306 (2015: £45,470) was owed by the Company to its joint owners and is included in trade creditors.

During 2016 interest arising on shareholder loans amounted to £28,795 (2015: £29,246). At 31st December 2016, loan balances owing to its joint owners were £2,697,970 (2015: 2,697,970).

21. POST BALANCE SHEET EVENTS

The Company is required to report material events occurring after the end of the reporting period (31 December 2016) to the date of signing of these accounts. There is one significant event that has occurred in this period.

The Directors of Pentland Aviation Fuelling Services Limited consider the Company to have been a going concern throughout despite the pre-existing shareholder loan agreements having expired in 2015 (and therefore allowing the possibility of these being repaid on demand) by obtaining written undertakings from the shareholders not to demand any such repayments as a contingency measure in the intervening 2 years. On 24th August 2017 new 3-year shareholder loan agreements between the Company and the shareholders were executed.

22. ULTIMATE CONTROLLING PARTY

The company's immediate ownership comprises BP International Limited, Kuwait Petroleum International Aviation Company (UK) Limited and Air BP Norge AS (formerly known as Statoil Fuel & Retail AS).

The directors consider the ultimate holding company to be BP plc, a company incorporated in England and Wales.