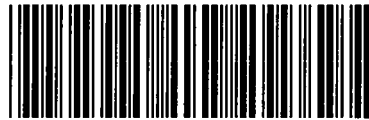


Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31st December 2018  
for  
Pentland Aviation Fuelling Services  
Limited

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**Pentland Aviation Fuelling Services  
Limited**

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for the Year Ended 31st December 2018**

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**Pentland Aviation Fuelling Services  
Limited**

**Company Information  
for the Year Ended 31st December 2018**

<b>DIRECTORS:</b>	M J Workman M Christopoulos S Zain
<b>SECRETARY:</b>	Mrs J E Tye
<b>REGISTERED OFFICE:</b>	6th Floor (C/o Q8 Aviation) Dukes Court, Duke Street Woking Surrey GU21 5BH
<b>REGISTERED NUMBER:</b>	02544586 (England and Wales)
<b>AUDITOR:</b>	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

**Pentland Aviation Fuelling Services  
Limited**

**Strategic Report  
for the Year Ended 31st December 2018**

The directors present their Strategic Report for Pentland Aviation Fuelling Services Limited (the "Company") for the year ended 31st December 2018.

**REVIEW OF BUSINESS**

The Company made a profit after taxation during the year of £688,536 (2017: £1,088,002). The directors consider the results to be satisfactory and expect the company's profitability to remain at similar levels in future years and cash-flows are expected to remain sound.

The Company's cash flow remains strong, with cash at balance sheet date of £3,006,645 (2017: £3,605,664).

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 2018.

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.

**STRATEGIC MANAGEMENT**

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

- ensure and assure that the fuel delivered at Glasgow and Edinburgh 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 four key priorities;

- Fuel delivered is consistently fit for purpose and is assessed continually using a range of industry-standard measurement and auditing procedures;
- 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 2018.

**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.

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 fuelling or activity levels at Glasgow and Edinburgh with regards to Britain's exit from the EU but is keeping this under review.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's principal risks and uncertainties comprise operational risk, financial risk, health and safety and environmental. Policies relating to these are set out below:

**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 2018 and this is to continue into 2019.

**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.

**Pentland Aviation Fuelling Services  
Limited**

**Strategic Report (continued)  
for the Year Ended 31st December 2018**

**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.

**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:**



.....  
S Zain - Director

Date: 17/9/19 .....

**Pentland Aviation Fuelling Services  
Limited**

**Report of the Directors  
for the Year Ended 31st December 2018**

The directors present their report with the financial statements of the Company for the year ended 31st December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the Company in the year under review was that of the 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**

Interim Dividends per share were paid as follows:

200 Ordinary A Shares @ £2,482.62 per share  
200 Ordinary B Shares @ £1,794.53 per share  
200 Ordinary C Shares @ £1,794.53 per share

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st December 2018 was £1,214,336 (2017: £Nil).

**DIRECTORS**

No directors have held office during the whole of the period from 1st January 2018 to the date of this report.

Changes in directors holding office are as follows:

M J Workman – resigned 20th June 2019, appointed 3rd July 2019  
M Christopoulos - appointed 28th September 2018  
A C F Taylor - appointed 6th July 2018, resigned 28th September 2018  
I A Shearer - resigned 12th July 2018  
M M Henderson - resigned 14th March 2019  
R Squitieri - appointed 14th March 2019, resigned 20th June 2019  
S Zain – appointed 20th June 2019

**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;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE 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 are unaware, and each director 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.

**Pentland Aviation Fuelling Services  
Limited**

**Report of the Directors (continued)  
for the Year Ended 31st December 2018**

**AUDITOR**

The auditor, Mazars LLP, was appointed in the year, and has indicated their willingness to continue in office.

**ON BEHALF OF THE BOARD:**



.....  
S Zain - Director

Date: 17/9/19.....

**Report of the Independent Auditor to the Members of  
Pentland Aviation Fuelling Services  
Limited**

**Opinion**

We have audited the financial statements of Pentland Aviation Fuelling Services Limited (the 'Company') for the year ended 31st December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2018 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The impact of uncertainties due to Britain exiting the European Union on our audit**

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditor's thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



**Report of the Independent Auditor to the Members of  
Pentland Aviation Fuelling Services  
Limited**

**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 material misstatements in the Strategic Report or the Report of the Directors.

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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditor's that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditor.

**Use of our report**

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 a Report of the Auditor 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.



Samantha Russell (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Date: 23 September 2019

**Pentland Aviation Fuelling Services  
Limited**

**Statement of Comprehensive Income  
for the Year Ended 31st December 2018**

	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	11,209,525	11,259,113
Cost of sales		<u>(3,245,148)</u>	<u>(3,353,904)</u>
<b>GROSS PROFIT</b>		7,964,377	7,905,209
Other operating costs		(1,676,613)	(1,535,317)
Administrative expenses		<u>(5,719,898)</u>	<u>(5,125,639)</u>
		567,866	1,244,253
Other operating income		<u>300,861</u>	<u>271,720</u>
<b>OPERATING PROFIT</b>	5	868,727	1,515,973
Interest receivable and similar income	6	23,251	2,783
Interest payable and similar expenses	7	<u>(32,798)</u>	<u>(23,593)</u>
<b>PROFIT BEFORE TAXATION</b>		859,180	1,495,163
Tax on profit	8	<u>(170,644)</u>	<u>(407,161)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		688,536	1,088,002
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>688,536</u></u>	<u><u>1,088,002</u></u>

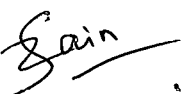
The notes form part of these financial statements

**Pentland Aviation Fuelling Services**  
**Limited (Registered number: 02544586)**

**Balance Sheet**  
**31st December 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	10	4,325,118	4,459,052
<b>CURRENT ASSETS</b>			
Debtors	11	1,612,331	1,674,300
Cash at bank		<u>3,006,645</u>	<u>3,605,664</u>
		4,618,976	5,279,964
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(1,134,009)</u>	<u>(1,391,435)</u>
<b>NET CURRENT ASSETS</b>		<u>3,484,967</u>	<u>3,888,529</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,810,085	8,347,581
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(2,697,970)	(2,697,970)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(809,599)</u>	<u>(821,295)</u>
<b>NET ASSETS</b>		<u>4,302,516</u>	<u>4,828,316</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	600	600
Retained earnings	18	<u>4,301,916</u>	<u>4,827,716</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>4,302,516</u>	<u>4,828,316</u>

The financial statements were approved by the Board of Directors on 17/9/19 and were signed on its behalf by:

  
 .....  
 S Zain - Director

**Pentland Aviation Fuelling Services  
Limited**

**Statement of Changes in Equity  
for the Year Ended 31st December 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2017</b>	600	3,739,714	3,740,314
<b>Changes in equity</b>			
Total comprehensive income	-	1,088,002	1,088,002
<b>Balance at 31st December 2017</b>	600	4,827,716	4,828,316
<b>Changes in equity</b>			
Dividends	-	(1,214,336)	(1,214,336)
Total comprehensive income	-	688,536	688,536
<b>Balance at 31st December 2018</b>	600	4,301,916	4,302,516

The notes form part of these financial statements

**Pentland Aviation Fuelling Services  
Limited**

**Cash Flow Statement  
for the Year Ended 31st December 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,338,841	2,189,792
Interest paid		(32,798)	(23,593)
Tax paid		<u>(249,999)</u>	<u>(421,706)</u>
Net cash from operating activities		<u>1,056,044</u>	<u>1,744,493</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(463,978)	(1,203,265)
Sale of tangible fixed assets		-	9,525
Interest received		<u>23,251</u>	<u>2,783</u>
Net cash from investing activities		<u>(440,727)</u>	<u>(1,190,957)</u>
<b>Cash flows from financing activities</b>			
Equity dividends paid		<u>(1,214,336)</u>	-
Net cash from financing activities		<u>(1,214,336)</u>	-
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(599,019)</u>	<u>553,536</u>
<b>Cash and cash equivalents at beginning of year</b>	2	3,605,664	3,052,128
<b>Cash and cash equivalents at end of year</b>	2	<u><u>3,006,645</u></u>	<u><u>3,605,664</u></u>

The notes form part of these financial statements

**Pentland Aviation Fuelling Services  
Limited**

**Notes to the Cash Flow Statement  
for the Year Ended 31st December 2018**

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

	2018	2017
	£	£
Profit for the financial year	688,536	1,088,002
Depreciation charges	579,865	436,103
Loss on disposal of fixed assets	18,047	20,817
Increase/(decrease) in provisions	20,181	(20,490)
Finance costs	32,798	23,593
Finance income	(23,251)	(2,783)
Taxation	<u>170,644</u>	<u>407,161</u>
	1,486,820	1,952,403
Decrease in trade and other debtors	61,969	86,358
(Decrease)/increase in trade and other creditors	<u>(209,948)</u>	<u>151,031</u>
<b>Cash generated from operations</b>	<b><u>1,338,841</u></b>	<b><u>2,189,792</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st December 2018**

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	<u>3,006,645</u>	<u>3,605,664</u>

**Year ended 31st December 2017**

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u>3,605,664</u>	<u>3,052,128</u>

**Pentland Aviation Fuelling Services  
Limited**

**Notes to the Financial Statements  
for the Year Ended 31st December 2018**

**1. STATUTORY INFORMATION**

Pentland Aviation Fuelling Services Limited is a private company, limited by shares, registered and incorporated in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, the directors having considered this as appropriate given the expected circumstances for the company in the coming 12 months.

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 presented in sterling which is also the functional currency of the company.

**Critical accounting judgements and key sources of estimation uncertainty**

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-end environmental provision requires estimates to be made about anticipated costs of future site rehabilitation. Where possible external specialists are periodically used to estimate these costs, this was last performed in 2014 and the directors review these estimates annually and revise the provision accordingly.

**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.

Turnover comprises fees paid to the Company for the into-plane delivery and storage of Jet A-1 fuel at Glasgow and Edinburgh airports.

**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.

**2. ACCOUNTING POLICIES - continued**

**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:

Short leasehold Land and Buildings - shorter of the remaining lease term or useful life  
Plant and Machinery - 3 to 26 years on a straight-line basis

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.

**Impairment of Fixed Assets**

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**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.

**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.



**2. ACCOUNTING POLICIES - continued**

**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 and was last performed in 2014. Provision is made for the costs of refurbishment that arise from obligations under operating leases.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

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 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 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.

**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.

**Dividends**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

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**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2018**

**2. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

The Company as Lessor - Operating Leases

Annual rents are payable on all the Company's operating leases. These are charged to profit or loss on an arising basis. By agreement rental levels are periodically reviewed. There are no rent-free periods or other incentives received for entering into the operating leases.

The Company as Lessee - 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 2018 (2017: Nil). The directors, who received no remuneration in 2018 (2017: 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.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u>-</u>	<u>-</u>

**5. OPERATING PROFIT**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	579,865	436,103
Loss on disposal of fixed assets	18,047	20,817
Auditor's remuneration	16,500	13,200
Management charges	35,000	35,000
Increase/(decrease) in environmental and refurbishment provisions	20,181	(20,490)
Operating lease expense	1,237,505	1,332,340
Vehicle lease income	<u>(300,861)</u>	<u>(271,720)</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	12,521	2,783
Other interest receivable	<u>10,730</u>	<u>-</u>
	<u>23,251</u>	<u>2,783</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loan interest	<u>32,798</u>	<u>23,593</u>

**Pentland Aviation Fuelling Services  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2018**

**8. TAXATION**

**Analysis of the tax charge**

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

	2018 £	2017 £
Current tax:		
UK corporation tax	202,521	302,682
UK corporation tax in respect of previous periods	-	(2,569)
Total current tax	202,521	300,113
Deferred tax	(31,877)	107,048
Tax on profit	<u>170,644</u>	<u>407,161</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>859,180</u>	<u>1,495,163</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	163,244	284,081
Effects of:		
Expenses not deductible for tax purposes	-	18,601
Adjustments to tax charge in respect of previous periods	-	(2,569)
Origination and reversal of timing differences	7,400	161,658
Effect of changes in tax rate	-	(54,610)
Total tax charge	<u>170,644</u>	<u>407,161</u>

The standard rate of corporation tax in the UK was 19% throughout the year. The Finance (No. 2) Act was substantively enacted on 26 October 2015. This Act included provisions reducing the main rate of UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. It was announced at the 2016 Budget that the rate of UK corporation tax will reduce to 17% from 1 April 2020, instead of the previously enacted rate of 18% effective from that date. This change was enacted in the Finance Act 2016. Accordingly, the relevant deferred tax balances have been re-measured using the future UK corporation tax rate of 17%.

**9. DIVIDENDS**

	2018 £	2017 £
Ordinary A shares of £1 each		
Interim	496,524	-
Ordinary B shares of £1 each		
Interim	358,906	-
Ordinary C shares of £1 each		
Interim	<u>358,906</u>	-
	<u>1,214,336</u>	-

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**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2018**

**10. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Assets under the course of construction £	Totals £
<b>COST</b>				
At 1st January 2018	1,410,904	8,671,352	11,588	10,093,844
Additions	19,199	121,637	323,142	463,978
Disposals	(13,086)	(108,764)	-	(121,850)
At 31st December 2018	<u>1,417,017</u>	<u>8,684,225</u>	<u>334,730</u>	<u>10,435,972</u>
<b>DEPRECIATION</b>				
At 1st January 2018	906,477	4,728,315	-	5,634,792
Charge for year	77,020	502,845	-	579,865
Eliminated on disposal	(7,713)	(96,090)	-	(103,803)
Reclassification/transfer	(5,894)	5,894	-	-
At 31st December 2018	<u>969,890</u>	<u>5,140,964</u>	<u>-</u>	<u>6,110,854</u>
<b>NET BOOK VALUE</b>				
At 31st December 2018	<u>447,127</u>	<u>3,543,261</u>	<u>334,730</u>	<u>4,325,118</u>
At 31st December 2017	<u>504,427</u>	<u>3,943,037</u>	<u>11,588</u>	<u>4,459,052</u>

The net book value of fixed assets utilised by the company in operating lease contracts is £2,582,532 (2017: £2,926,627) and the depreciation charge for these assets was £390,191 (2017: £275,433).

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade debtors	1,214,768	1,352,052
Corporation tax receivable	104,833	178,739
VAT	128,575	87,993
Prepayments	<u>164,155</u>	<u>55,516</u>
	<u>1,612,331</u>	<u>1,674,300</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	79,105	46,054
Corporation tax	89,549	137,027
Consortium relief payable	136,959	178,739
Accruals and deferred income	<u>828,396</u>	<u>1,029,615</u>
	<u>1,134,009</u>	<u>1,391,435</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Other loans (see note 14)	<u>2,697,970</u>	<u>2,697,970</u>

**Pentland Aviation Fuelling Services  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2018**

**14. LOANS**

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due between one and five years:		
Other loans - 1-5 years	<u>2,697,970</u>	<u>2,697,970</u>

Interest is calculated using the six-month LIBOR rate plus 50 basis points as per the Loan Agreements. The loans fall due for repayment in October 2020 as per the Loan Agreements.

**15. LEASING AGREEMENTS**

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

	2018 £	2017 £
Within one year	880,386	1,023,127
Between one and five years	3,701,180	4,301,266
In more than five years	<u>2,469,120</u>	<u>4,056,450</u>
	<u>7,050,686</u>	<u>9,380,843</u>

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

**16. PROVISIONS FOR LIABILITIES**

The deferred tax liability has been calculated using a rate of 17% (2017: 17%), which represents the rate at which the liability is expected to be reversed.

	Environmental Provision £	Refurbishment provision £	Deferred taxation £	Total £
At 1st January 2018	309,382	47,726	464,187	821,295
Utilised in the year	-	(47,726)	-	(47,726)
Transferred from profit and loss	10,828	61,100	(31,877)	40,051
Rate of inflation	<u>(4,021)</u>	<u>-</u>	<u>-</u>	<u>(4,021)</u>
At 31st December 2018	<u>316,189</u>	<u>61,100</u>	<u>432,310</u>	<u>809,599</u>

The total costs for reinstatement and surface restoration works is recognised by the environmental provision, which has been calculated to the expected payment date of 1st July 2026. The provision is based on third party volumes.

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 £61,100 (2017: £47,727), identified as being required in order to satisfy the requirements of the lease, were identified during the year. Refurbishment works at a cost of £47,726 (2017: £76,350) scheduled to be carried out in 2018 were carried out in the year.

Deferred taxation relates to capital allowances in excess of depreciation.

**Pentland Aviation Fuelling Services  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2018**

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2018 £	2017 £
Number:	Class:			
200	Ordinary A	£1	200	200
200	Ordinary B	£1	200	200
200	Ordinary C	£1	200	200
			<u>600</u>	<u>600</u>

All shares have equal rights attached and are without restriction.

**18. RESERVES**

Retained earnings represent accumulated comprehensive income for the year and prior years less distributions to owners.

**19. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
<b>Financial assets</b>		
Measured at amortised cost	<u>4,221,413</u>	<u>4,957,716</u>

	2018 £	2017 £
<b>Financial liabilities</b>		
Measured at amortised cost	<u>3,742,430</u>	<u>3,952,378</u>

Financial assets measured at amortised cost comprise of cash and trade debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, consortium relief payable, accruals and deferred income and other loans.

**20. RELATED PARTY DISCLOSURES**

During 2018 the Company provided fuelling services for its joint owners, BP International Limited, Kuwait Petroleum International Aviation Company (UK) Limited and Air BP Norge AS. Amounts receivable from its joint owners in respect of these services were £4,776,273 (2017: £5,684,754). At 31st December 2018, an amount of £489,700 (2017: £641,503) was owed to the Company by its joint owners and is included in trade debtors.

During 2018 management services were provided to Pentland Aviation Fuelling Services Limited by its joint owners. During the year the Company paid £35,000 (2017: £35,000) in respect of these services. At 31st December 2018 £35,000 (2017: £35,000) was owed by the Company in respect of these services to its joint owners and is included in accruals and deferred income.

During 2018 the Company leased vehicles to other related parties. Amounts receivable in respect of these leases were £297,593 (2017: £271,317). At 31st December 2018 £Nil (2017: £Nil) was owed to the Company.

During 2018 site operating services were provided to Pentland Aviation Fuelling Services Limited by other related parties, as per the operating agreement in place. During the year the Company paid £7,083,368 (2017: £6,403,634) in respect of these services. At 31st December 2018 £16,304 (2017: £Nil) was owed by the Company in respect of these services and is included in trade creditors.

During 2018 interest arising on loans from joint owners amounted to £32,798 (2017: £23,593). At 31st December 2018, loan balances owing to its joint owners were £2,697,970 (2017: £2,697,970).

**Pentland Aviation Fuelling Services  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2018**

**21. ULTIMATE CONTROLLING PARTY**

The Company is a joint venture between BP International Limited, Kuwait Petroleum International Aviation Company (UK) Limited and Air BP Norge AS. By agreement, it is controlled equally by BP International Limited and Kuwait Petroleum International Aviation Company (UK) Limited only however, and so therefore there is no ultimate controlling party.