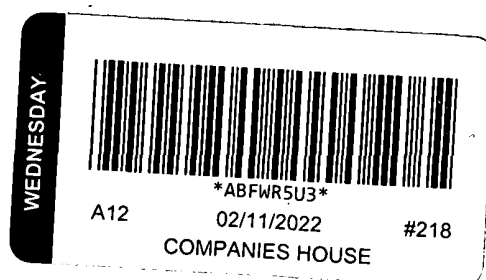


REGISTERED NUMBER: 02544586 (England and Wales)

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2021
for
Pentland Aviation Fuelling Services
Limited



**Pentland Aviation Fuelling Services
Limited**

**Contents of the Financial Statements
for the Year Ended 31 December 2021**

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**Pentland Aviation Fuelling Services
Limited**

**Company Information
for the Year Ended 31 December 2021**

DIRECTORS:

S Zain
H Hendal
A V Hawkings

SECRETARY:

Beaufort Secretaries Limited

REGISTERED OFFICE:

Suite 44 (C/O Best4business Accountants)
Beaufort Court
Admirals Way
London
E14 9XL

REGISTERED NUMBER:

02544586 (England and Wales)

AUDITORS:

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

**Pentland Aviation Fuelling Services
Limited**

**Strategic Report
for the Year Ended 31 December 2021**

The directors present their Strategic Report for Pentland Aviation Fuelling Services Limited (the "Company") for the year ended 31 December 2021.

REVIEW OF BUSINESS

The Company operates at Glasgow and Edinburgh airports. Due to the severe and ongoing downturn in air traffic as a result of the COVID-19 pandemic, there was a further decrease in the volumes handled during the year compared to 2020.

The Company made a profit after taxation during the year of £36K (2020: £315K).

The Company's cash flow was affected by the continued downturn in trading but remains strong, with cash at the balance sheet date of £4,896K (2020: £3,369K).

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 2021 given the ongoing pandemic.

At the date of this report the Company's 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 five 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;
- 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 five 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;
- Operational continuity performance is assessed by reviewing the frequency and duration of shut-downs; and
- Compliance performance is assessed by tracking compliance requirements and activities.

The Board considers that the Company's performance against all of these measures remained within acceptable limits during 2021.

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 regard to Britain's exit from the EU but is keeping this under review.

COVID-19

On 11 March 2020, the World Health Organisation declared the global COVID-19 situation a pandemic. On 23 March 2020, the Prime Minister of the UK instructed British people to stay at home, other than for four specific and limited reasons. The Company introduced measures to achieve the necessary levels of social distancing and hygiene within the workplace.

The tiered approach within Scotland to exiting lockdown began in April 2021, which also saw an easing of travel restrictions to and from the UK. This led to a steady increase in fuel demand from this date, and it is anticipated that this will continue through the remainder of 2022 and into 2023. It is not yet clear if or when fuel demand will return to pre-COVID-19 levels.

As at 31 August 2022, the company held £7.4m in liquid funds. From a cashflow perspective, the Company is projected as being able to withstand at least a 30% reduction in volume on 2019 levels for a period of at least 12 months if required.

**Pentland Aviation Fuelling Services
Limited**

**Strategic Report
for the Year Ended 31 December 2021**

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks and uncertainties comprise operational risk, financial risks, health and safety, and environmental. Policies relating to these risks are set out in the paragraphs below. Additionally the Company recognises the risks posed to its business as a result of the COVID-19 pandemic.

At the time of signing, the conflict in Ukraine does not pose a significant risk to the business of the Company.

COVID-19

Despite the ongoing uncertainty surrounding COVID-19, the Company is prepared for the year ahead. The fundamentals underlying the business of the Company remain sound. In the coming year travel restrictions will affect the overall performance of the business. The financial integrity of the Company will however remain sound due to the strength of its balance sheet.

Operational Risk Management

Generally, the principal risk for the company has been a shortage of fuel supply and fuel storage capacity. The Board is satisfied that supplies of jet fuel into the airports were adequate to meet unconstrained demand throughout 2021. Due to the reduction in demand as a result of the COVID-19 pandemic, the risk of fuel shortages is significantly reduced.

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

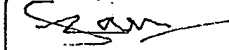
The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Health, Safety, Security and Environment (HSSE) Management 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.

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:

DocuSigned by:



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S Zain - Director

10/25/2022

Date:

**Pentland Aviation Fuelling Services
Limited**

**Report of the Directors
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the Company for the year ended 31 December 2021.

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

The directors recommend that no final dividends be paid. The total distribution of dividends for the year ended 31 December 2021 was £Nil (2020 £Nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

S Zain held office during the whole of the period from 1st January 2021 to the date of this report.

Other changes in directors holding office are as follows:

M J Workman - resigned 1st August 2022
R E B Livingston - resigned 8th August 2022
H Hendal - appointed 1st August 2022
A V Hawkings - appointed 8th August 2022

GOING CONCERN

After reviewing the financial forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial integrity of the Company as a going concern will therefore remain sound due to the strength of its balance sheet. The Company continues to adopt the going concern basis of accounting in preparing its financial statements.

POST BALANCE SHEET EVENTS

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 is 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**

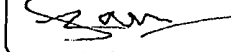
**Report of the Directors
for the Year Ended 31 December 2021**

AUDITORS

The auditor, Mazars LLP, have indicated their willingness to continue in office.

ON BEHALF OF THE BOARD:

DocuSigned by:



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S Zain - Director

10/25/2022

Date:

**Report of the Independent Auditors 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 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, 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 FRS 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 31 December 2021 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is 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.

Auditors' 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 an auditor's report 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as : tax legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of the environmental provision, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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. This description forms part of our auditor's report.

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

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 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.

Anna Campbell

Anna Campbell (Oct 31, 2022 08:23 GMT)

Anna Campbell (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: Oct 31, 2022

**Pentland Aviation Fuelling Services
Limited**

**Statement of Comprehensive Income
for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
TURNOVER	3	5,927	4,159
Cost of sales		<u>(1,901)</u>	<u>(1,820)</u>
GROSS PROFIT		4,026	2,339
Other operating costs		(755)	(635)
Administrative expenses		<u>(3,486)</u>	<u>(4,198)</u>
		(215)	(2,494)
Other operating income		<u>488</u>	<u>2,980</u>
OPERATING PROFIT	5	273	486
Interest receivable and similar income	6	-	6
Interest payable and similar expenses	7	<u>(79)</u>	<u>(44)</u>
PROFIT BEFORE TAXATION		194	448
Tax on profit	8	<u>(158)</u>	<u>(133)</u>
PROFIT FOR THE FINANCIAL YEAR		36	315
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>36</u></u>	<u><u>315</u></u>

The notes form part of these financial statements

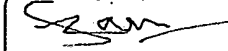
Pentland Aviation Fuelling Services
Limited (Registered number: 02544586)

Balance Sheet
31 December 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	9	4,127	4,557
CURRENT ASSETS			
Debtors	10	1,518	2,641
Cash at bank		<u>4,896</u>	<u>3,369</u>
		6,414	6,010
CREDITORS			
Amounts falling due within one year	11	<u>(1,334)</u>	<u>(1,338)</u>
NET CURRENT ASSETS		<u>5,080</u>	<u>4,672</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,207	9,229
CREDITORS			
Amounts falling due after more than one year	12	(4,168)	(4,378)
PROVISIONS FOR LIABILITIES	15	<u>(923)</u>	<u>(771)</u>
NET ASSETS		<u>4,116</u>	<u>4,080</u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Retained earnings	17	<u>4,115</u>	<u>4,079</u>
SHAREHOLDERS' FUNDS		<u>4,116</u>	<u>4,080</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 October 2022 and were signed on its behalf by:

DocuSigned by:



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S Zain - Director

The notes form part of these financial statements

**Pentland Aviation Fuelling Services
Limited**

**Statement of Changes in Equity
for the Year Ended 31 December 2021**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	1	3,764	3,765
Changes in equity			
Total comprehensive income	-	315	315
Balance at 31 December 2020	1	4,079	4,080
Changes in equity			
Total comprehensive income	-	36	36
Balance at 31 December 2021	1	4,115	4,116

The notes form part of these financial statements

**Pentland Aviation Fuelling Services
Limited**

**Cash Flow Statement
for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	1	2,168	(561)
Interest paid		(79)	(44)
Tax paid		(147)	(21)
Net cash from operating activities		<u>1,942</u>	<u>(626)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(205)	(612)
Sale of tangible fixed assets		-	3
Interest received		-	6
Net cash from investing activities		<u>(205)</u>	<u>(603)</u>
Cash flows from financing activities			
New loans in year		-	2,100
Loan repayments in year		(210)	-
Net cash from financing activities		<u>(210)</u>	<u>2,100</u>
Increase in cash and cash equivalents		<u>1,527</u>	<u>871</u>
Cash and cash equivalents at beginning of year	2	<u>3,369</u>	<u>2,498</u>
Cash and cash equivalents at end of year	2	<u><u>4,896</u></u>	<u><u>3,369</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 31 December 2021**

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

	2021	2020
	£'000	£'000
Profit for the financial year	36	315
Depreciation charges	635	644
Loss on disposal of fixed assets	-	30
Increase/(decrease) in provisions	26	(44)
Finance costs	79	44
Finance income	-	(6)
Taxation	<u>158</u>	<u>133</u>
	934	1,116
Decrease/(increase) in trade and other debtors	1,154	(938)
Increase/(decrease) in trade and other creditors	<u>80</u>	<u>(739)</u>
Cash generated from operations	<u><u>2,168</u></u>	<u><u>(561)</u></u>

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 31 December 2021

	31.12.21	1.1.21
	£'000	£'000
Cash and cash equivalents	<u>4,896</u>	<u>3,369</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£'000	£'000
Cash and cash equivalents	<u>3,369</u>	<u>2,498</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.21	Cash flow	At 31.12.21
	£'000	£'000	£'000
Net cash			
Cash at bank	<u>3,369</u>	<u>1,527</u>	<u>4,896</u>
	<u>3,369</u>	<u>1,527</u>	<u>4,896</u>
Debt			
Debts falling due within 1 year	(420)	-	(420)
Debts falling due after 1 year	<u>(4,378)</u>	<u>210</u>	<u>(4,168)</u>
	<u>(4,798)</u>	<u>210</u>	<u>(4,588)</u>
Total	<u><u>(1,429)</u></u>	<u><u>1,737</u></u>	<u><u>308</u></u>

The notes form part of these financial statements

**Pentland Aviation Fuelling Services
Limited**

**Notes to the Financial Statements
for the Year Ended 31 December 2021**

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 principal places of business of the Company are:

- Almond Road, Edinburgh Airport, Edinburgh, EH12 9DN; and
- St Andrews Drive West, Glasgow International Airport, Glasgow, PA3 2TJ.

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 under the historical cost convention.

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 prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand.

Going Concern

The directors have reviewed the Company's financial performance and position and have prepared forecasts based on historic trends and assumptions about future sales, cost levels and the timing of cashflows. The directors have given consideration to COVID-19 as having a risk on the business given travel restrictions which have affected the performance of the entity, however current forecasts have been prepared to 31 December 2023 and show that the directors expect the company to have sufficient cash resources to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future as a minimum for a period of at least 12 months from the date of approval of the financial statements.

As at 31 August 2022, the entity had cash resources of £7.4m. From a cashflow perspective, the Company is projected as being able to withstand at least a 30% reduction in volume on 2019 levels for a period of at least 12 months if required. Based on these forecasts, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable. Thus, they continue to adopt the going concern basis in preparing the financial statements.

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 2019 and the directors review these estimates annually and revise the provision accordingly.

**Pentland Aviation Fuelling Services
Limited**

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

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.

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 remainder 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.

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

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 and was last performed in 2019. 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.

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

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.

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 2021 (2020: Nil). The directors, who received no remuneration in 2021 (2020: 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.

	2021	2020
	£	£
Directors' remuneration	-	-

5. OPERATING PROFIT

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

	2021	2020
	£'000	£'000
Depreciation - owned assets	635	644
Loss on disposal of fixed assets	-	30
Auditors' remuneration	20	19
Foreign exchange differences	(1)	-
Management charges	38	36
Increase/(decrease) in environmental and refurbishment provisions	26	(44)
Operating lease expense	969	1,269
Vehicle lease income	(486)	(480)

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Bank interest receivable	-	5
Other interest receivable	-	1
	<u>-</u>	<u>6</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Loan interest	<u>79</u>	<u>44</u>

8. TAXATION

Analysis of the tax charge

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

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	32	116
Deferred tax	<u>126</u>	<u>17</u>
Tax on profit	<u>158</u>	<u>133</u>

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:

	2021 £'000	2020 £'000
Profit before tax	<u>194</u>	<u>448</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	37	85
Effects of:		
Capital allowances in excess of depreciation	(11)	-
Change in deferred tax rate	<u>132</u>	<u>48</u>
Total tax charge	<u>158</u>	<u>133</u>

The rate of corporation tax in the UK was 19% throughout the year.

Changes to the UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, where deferred tax is recognised, it is at a rate of 25% in the current year (2020: 19%).

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

9. TANGIBLE FIXED ASSETS

	Short leasehold £'000	Plant and machinery £'000	Assets under the course of construction £'000	Totals £'000
COST				
At 1 January 2021	2,026	9,190	338	11,554
Additions	-	5	200	205
Disposals	-	(11)	-	(11)
Reclassification/transfer	-	129	(129)	-
At 31 December 2021	<u>2,026</u>	<u>9,313</u>	<u>409</u>	<u>11,748</u>
DEPRECIATION				
At 1 January 2021	1,269	5,728	-	6,997
Charge for year	153	482	-	635
Eliminated on disposal	-	(11)	-	(11)
At 31 December 2021	<u>1,422</u>	<u>6,199</u>	<u>-</u>	<u>7,621</u>
NET BOOK VALUE				
At 31 December 2021	<u>604</u>	<u>3,114</u>	<u>409</u>	<u>4,127</u>
At 31 December 2020	<u>757</u>	<u>3,462</u>	<u>338</u>	<u>4,557</u>

The net book value of fixed assets utilised by the Company in operating lease contracts is £2.031K (2020: £2,105K) and the depreciation charge for these assets was £202K (2020: £237K).

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade debtors	1,272	383
Other debtors	-	2,144
Corporation tax receivable	78	47
VAT	90	-
Prepayments	78	67
	<u>1,518</u>	<u>2,641</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Other loans (see note 13)	420	420
Trade creditors	133	88
Corporation tax	32	116
Consortium relief payable	78	47
Accruals and deferred income	671	667
	<u>1,334</u>	<u>1,338</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Other loans (see note 13)	<u>4,168</u>	<u>4,378</u>

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

13. LOANS

An analysis of the maturity of loans is given below:

	2021 £'000	2020 £'000
Amounts falling due within one year or on demand:		
Other loans	<u>420</u>	<u>420</u>
Amounts falling due between one and five years:		
Other loans	<u>4,168</u>	<u>4,378</u>

In September 2020, new loan agreements were signed effective from 1st October 2020 to renew the previous loans totalling £2.698m for an additional 4 year period until 1st October 2024, with interest on these new loans being calculated using the six-month LIBOR rate plus 164 basis points until 31st December 2021.

On 1 January 2022, due to the cessation of LIBOR the Company transitioned to the six-month SONIA interest rate benchmark, plus 6-month credit spread adjustment of 27.66 basis points plus 164 basis points.

The Company agreed additional new loans from its joint owners totalling £2.1m effective from 20th July 2020. The new loan agreements will be available until 31st October 2025 with repayments to be made quarterly. During the year the Company agreed to a 6 month repayment holiday from July 2021, thus extending the loan term by 6 months. Interest on these new loans being calculated using the three-month LIBOR rate plus 150 basis points until 31st December 2021.

On 1 January 2022, due to the cessation of LIBOR the Company transitioned these new loans to the three-month SONIA interest rate benchmark, plus 3-month credit spread adjustment of 11.93 basis point plus 150 basis points.

14. LEASING AGREEMENTS

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

	2021 £'000	2020 £'000
Within one year	2,264	686
Between one and five years	9,736	9,423
In more than five years	<u>-</u>	<u>1,414</u>
	<u>12,000</u>	<u>11,523</u>

Payments under non-cancellable operating leases are directly linked to income that are of equal value. Given the impact of the COVID-19 pandemic and its uncertain duration, it is difficult to estimate the operating lease commitments over the remaining lifetime of the leases.

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

15. PROVISIONS FOR LIABILITIES

The deferred tax liability has been calculated using a rate of 25% (2020: 19%), which represents the tax rate in legislation at the balance sheet date.

	Environmental Provision £'000	Refurbishment provision £'000	Deferred taxation £'000	Total £'000
At 1 January 2021	299	48	424	771
Utilised in the year	-	(48)	-	(48)
Transferred from profit and loss	-	58	126	184
Rate of inflation	16	-	-	16
At 31 December 2021	315	58	550	923

The total costs for reinstatement and surface restoration works is recognised by the environmental provision, which has been calculated to the period where those costs are expected to be incurred in 5.5 years time. The provision is based on third party valuations.

Under its lease agreements with the airports, the Company is obliged to undertake various repairs and refurbishment works on a rolling basis. Repair works totalling £58K (2020: £48K) were identified during the year. Refurbishment works at a cost of £48K (2020: £94K), scheduled to be carried out in 2021, were carried out in the year.

Deferred taxation relates to capital allowances in excess of depreciation.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2021	2020
Number:	Class:	value:	£	£
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.

17. RESERVES

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

18. POST BALANCE SHEET EVENTS

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

**Pentland Aviation Fuelling Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

19. RELATED PARTY DISCLOSURES

During 2021 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 £2,351K (2020: £1,705K). At 31st December 2021, an amount of £556K (2020: £175K) was owed to the Company by its joint owners and is included in debtors.

During 2021 management services were provided to Pentland Aviation Fuelling Services Limited by its joint owners. During the year the Company paid £38K (2020: £36K) in respect of these services. At 31st December 2021 £47K (2020: £39K) was owed by the Company in respect of these services to its joint owners and is included in creditors.

During 2021 other costs were charged to Pentland Aviation Fuelling Services Limited by its joint owners. During the year the Company paid £nil (2020: £55K) in other costs. At 31st December 2021 £nil (2020: £57K) was owed by the Company in respect of these costs to its joint owners and is included in creditors.

During 2021 the Company leased vehicles to other related parties. Amounts receivable in respect of these leases were £486K (2020: £480K).

During 2021 site operating services and capital recharges 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 £4,065K (2020: £4,820K) in respect of these services. At 31st December 2021 £132K (2020: £244K) was owed by the Company in respect of these services and is included in creditors.

During 2021 interest arising on loans from joint owners amounted to £79K (2020: £44K). At 31st December 2021, loan balances owing to its joint owners were £4,588K (2020: £4,798K).

20. 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.