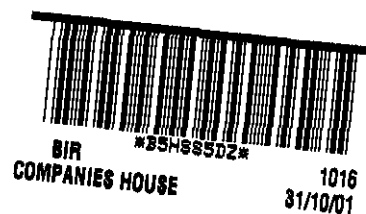


Pentland Aviation Fuelling Services Limited

Registered No. 2544586

Report and Accounts

For the Year Ended 31st December 2000



PENTLAND AVIATION FUELLING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2000

The Directors present herewith their report and the audited financial statements of the Company for the year ended to 31st December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company during the period was that of aircraft refuelling.

CONSTITUTION

Pentland Aviation Fuelling Services Limited is a joint venture company equally owned by Conoco Limited and BP Oil UK Limited.

DIRECTORS' INTERESTS IN SHARES

None of the directors in office at the end of the year had any disclosable interests in the share capital of the company during the year.

REVIEW OF THE BUSINESS

A summary of the results for the year is given on page 5 of the Financial Statements.

The directors consider the results to be satisfactory.

RESULTS AND DIVIDENDS

The results for the year show a profit before taxation of £92,323 (1999 : £278,901). The directors recommend the payment of a dividend for 2000 of £122,960 (1999 : £301,397). The loss of £(30,438) will be transferred from reserves.

PENTLAND AVIATION FUELLING SERVICES LIMITED

SHARE CAPITAL

The share capital is jointly owned by Conoco Limited and BP Oil UK Limited and rank pari-passu in every respect (See note 14).

DIRECTORS

The directors of the company during the year were:

J D Beeby	
A Conway	
JH Cooper	(resigned 1/1/2001)
PJ Dubenski	
RJ Scanlon	(appointed 1/1/2001)

There are no directors interests requiring disclosure under the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the statement of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

PENTLAND AVIATION FUELLING SERVICES LIMITED

AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors and to authorise the directors to fix their remuneration will be proposed at the company's annual general meeting.



on behalf of the board
R P B Swallow
Company Secretary

Date Approved: 30th October 2001

Registered Office :
Conoco Centre
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

**AUDITORS' REPORT TO THE MEMBERS OF
PENTLAND AVIATION FUELLING SERVICES LIMITED**

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

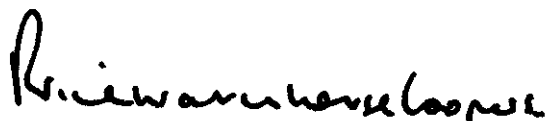
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
30 October 2001

PENTLAND AVIATION FUELLING SERVICES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>NOTE</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
TURNOVER	2	3,788,452	4,065,195
COST OF SALES		<u>(1,233,583)</u>	<u>(1,264,165)</u>
GROSS PROFIT		2,554,869	2,801,030
ADMINISTRATIVE EXPENSES		(1,633,256)	(1,547,569)
OTHER OPERATING COSTS		<u>(572,107)</u>	<u>(733,499)</u>
OPERATING PROFIT	3	349,506	519,962
NET INTEREST PAYABLE	4	<u>(257,183)</u>	<u>(241,061)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		92,323	278,901
TAXATION CREDIT ON PROFIT ON ORDINARY ACTIVITIES	7	199	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>92,522</u>	<u>278,901</u>
DIVIDENDS	8	<u>(122,960)</u> <u>(30,438)</u>	<u>(301,397)</u> <u>(22,496)</u>
RETAINED PROFIT BROUGHT FORWARD		<u>333,777</u>	<u>356,273</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>303,339</u></u>	<u><u>333,777</u></u>

The notes on pages 8 to 15 form an integral part of these financial statements. All turnover and operating profit arise from continuing activity.

All recognised gains and losses are included on the profit and loss account.

The reconciliation of the movement in shareholders' funds is provided in Note 15.

PENTLAND AVIATION FUELLING SERVICES LIMITED**BALANCE SHEET FOR THE YEAR ENDED 31ST DECEMBER 2000**

	<u>NOTE</u>	<u>2000</u> £	<u>1999</u> £
<u>FIXED ASSETS</u>			
TANGIBLE ASSETS	9	<u>3,684,262</u>	<u>3,792,466</u>
<u>CURRENT ASSETS</u>			
DEBTORS	10	812,657	891,589
CASH AT BANK AND IN HAND		<u>1,527,103</u>	<u>1,114,227</u>
		2,339,760	2,005,816
<u>CURRENT LIABILITIES</u>			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(1,003,559)</u>	<u>(709,155)</u>
NET CURRENT ASSETS		<u>1,336,201</u>	<u>1,296,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,020,463	5,089,127
CREDITORS:			
AMOUNT FALLING DUE AFTER ONE YEAR	12	(4,308,250)	(4,308,250)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(408,774)	(447,000)
NET ASSETS		<u>303,439</u>	<u>333,877</u>
<u>FINANCED BY:</u>			
CALLED UP SHARE CAPITAL	14	100	100
PROFIT & LOSS ACCOUNT		<u>303,339</u>	<u>333,777</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>303,439</u>	<u>333,877</u>

APPROVED BY THE BOARD ON
AND SIGNED ON ITS BEHALF BY

NAME A. CONWAY

SIGNATURE

A. Conway (Chairman)

DATE APPROVED: 30. OCTOBER 2001

PENTLAND AVIATION FUELLING SERVICES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2000

	<u>NOTE</u>	<u>2000</u> £	<u>1999</u> £
Reconciliation of operating profit to net cash flow from operating activities			
Operating Profit		349,506	505,562
Depreciation charge		236,724	226,363
(Decrease)/Increase in Provisions		(57,000)	167,100
Decrease/(Increase) in Debtors		71,432	(330,058)
Increase in Creditors		110,810	150,710
Net cash inflow from operating activities		<u>711,472</u>	<u>748,477</u>
Cash flow statement			
Cash flow from operating activities		711,472	748,477
Return on investments and servicing of finance	16	(170,076)	(253,023)
Taxation		-	-
Capital expenditure and financial investment	16	(128,520)	(150,663)
Equity dividends paid		-	(254,035)
Cash Inflow before use of liquid resources and financing		<u>412,876</u>	<u>90,756</u>
Management of liquid resources		-	-
Financing		-	-
Increase in cash in the Period	17	<u>412,876</u>	<u>90,756</u>
Reconciliation of net cash flow to movement in net debt			
Movement in net debt in the period		412,876	90,756
Net debt at the start of the period		<u>(3,194,023)</u>	<u>(3,284,779)</u>
Net debt at the end of the period	17	<u>(2,781,147)</u>	<u>(3,194,023)</u>

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 2000

1) ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTIONS

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) TURNOVER

Turnover represents the net invoiced value of fuel delivered at predetermined throughput rates, and services provided, excluding VAT.

(c) DEPRECIATION

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

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

Plant and machinery - 16 to 20 years

(d) DEFERRED TAXATION

Deferred taxation is provided on timing differences using the liability method to the extent that there is a reasonable probability that such taxation will become payable in the foreseeable future.

(e) LEASES

Operating lease rentals are charged to the profit and loss account during the period to which they relate.

(f) PROVISIONS FOR ENVIRONMENTAL COSTS

The total costs of reinstatement and surface restoration are recognised in the environmental provision. An asset is created within tangible fixed assets for an amount to cover the costs of decommissioning the site buildings. This is then charged to the profit and loss account over the life of the lease.

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

2) TURNOVER

The turnover and pre-tax profits are wholly attributable to the company's main activities.
The geographical analysis and turnover by destination is as follows:

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
United Kingdom	2,934,792	3,208,565
Europe (Non - EC)	853,660	856,630
	<u>3,788,452</u>	<u>4,065,195</u>

3) OPERATING PROFIT

This is stated after charging the following:-

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Staff costs (see note 5)	1,164,242	1,099,201
Management charges	51,472	29,728
Auditor's remuneration	4,125	4,801
Depreciation	236,724	226,363
Environmental provision (see note 13)	<u>(57,000)</u>	<u>167,100</u>

The management charges shown are incurred for fees payable to the shareholders and reimbursement of costs and expenses made in relation to directors' services. The directors are not remunerated by Pentland Aviation Fuelling Services Limited.

4) NET INTEREST PAYABLE

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Interest payable	(284,900)	(271,285)
Amortisation of discount on environmental provision	(18,774)	-
	<u>(303,674)</u>	<u>(271,285)</u>
Interest receivable	46,491	30,224
	<u>(257,183)</u>	<u>(241,061)</u>

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

5) STAFF COSTS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Wages and salaries	993,539	951,959
Social Security	78,405	73,123
Pensions	92,298	74,119
	<u>1,164,242</u>	<u>1,099,201</u>

The above costs are incurred by Simon Storage Limited and recharged to Pentland Aviation Fuelling Services Limited under a service contract. There are no employees under contract to Pentland Aviation Fuelling Services Limited.

The employees are members of the Simon Group PLC Pension Scheme which is a defined benefit scheme. Further details of the scheme are disclosed in the accounts of Simon Group PLC.

The costs are for 39 employees.

	<u>2000</u>	<u>1999</u>
	<u>Number</u>	<u>Number</u>
Airport Managers	2	2
Refuelling Personnel	33	32
Administration	4	4
	<u>39</u>	<u>38</u>

6) DEFERRED TAXATION

There is no provision for deferred tax for the year (1999 : £nil), the potential provision on a full provision basis at 30% would be as follows: -

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	521,300	465,000
Excess trading losses	(152,900)	(74,000)
	<u>368,400</u>	<u>391,000</u>

7) TAXATION

A prior year tax over provision of £199 has been released in 2000 (1999 : £nil). No taxation charge arises for the year as there are sufficient losses brought forward to absorb the profits chargeable to corporation tax.

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

8) DIVIDENDS

	<u>2000</u>	<u>1999</u>
	£	£
Interim dividend declared	122,960	113,148
Final dividend declared	-	188,249
Total	<u>122,960</u>	<u>301,397</u>

9) TANGIBLE FIXED ASSETS

	<u>Leasehold Land & Buildings</u>	<u>Plant & Machinery</u>	<u>Total</u>
	£	£	£
Cost or valuation at 1st January 2000	941,400	3,598,351	4,539,751
Additions	-	128,520	128,520
Disposals	-	-	-
At 31st December 2000	<u>941,400</u>	<u>3,726,871</u>	<u>4,668,271</u>
Depreciation at 1st January 2000	99,404	647,881	747,285
Charge for year	31,774	204,950	236,724
At 31st December 2000	<u>131,178</u>	<u>852,831</u>	<u>984,009</u>
Net book value at 31 December 2000	<u>810,222</u>	<u>2,874,040</u>	<u>3,684,262</u>
Net book value at 31 December 1999	<u>841,996</u>	<u>2,950,470</u>	<u>3,792,466</u>

Land and buildings of £89,400 (1999: £89,400) relates to deferred costs for demolition work, which will be undertaken at the end of the lease to remove all buildings and tanks at each airport.

10) DEBTORS

	<u>2000</u>	<u>1999</u>
	£	£
Amounts due within one year:		
Trade debtors	649,138	658,674
Other debtors	163,519	232,915
	<u>812,657</u>	<u>891,589</u>

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

11) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
	£	£
Trade creditors	482,410	406,152
Accruals	209,940	114,555
Corporation tax	-	199
Dividend proposed	311,209	188,249
	<u>1,003,559</u>	<u>709,155</u>

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

	<u>2000</u>	<u>1999</u>
	£	£
Loans from shareholders	<u>4,308,250</u>	<u>4,308,250</u>

The loans are unsecured. Interest is calculated using the six-month LIBOR rate with 0.375 per cent added as per the BP Oil UK Limited and Conoco Limited Service Agreement.

13) PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2000</u>	<u>1999</u>
	£	£
Bought forward (1 January 2000)	447,000	190,500
Amount capitalised in the year (see note 9)	-	89,400
Profit & loss account (see note 3)	(57,000)	167,100
Amortisation of discount	18,774	-
At 31 December 2000	<u>408,774</u>	<u>447,000</u>

A provision has been made for the cost of cleaning up the contaminated land and returning each location to a green field site. This is to cover the contractual obligation of Pentland Aviation Fuelling Services Limited. This payment is expected to be made at the end of the current lease agreement. This estimate has been based upon the opinion of an independent environmental consultant assuming the work had been done in early 2001. The estimate is based on the mean liability based on a likely range. The amount has been discounted at a real risk free pre-tax rate over the lives of the leases.

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

14) SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	£	£
Authorised		
Ordinary £1	-	-
Ordinary £1 - 'A' shares	500	500
Ordinary £1 - 'B' shares	500	500
	<u>1,000</u>	<u>1,000</u>
	<u>2000</u>	<u>1999</u>
	£	£
Allotted and Fully Paid		
Ordinary £1	-	-
Ordinary £1 - 'A' shares	50	50
Ordinary £1 - 'B' shares	50	50
	<u>100</u>	<u>100</u>

The share capital is jointly owned by Conoco Limited and BP Oil UK Limited and rank pari-passu in every respect.

15) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
Profit for the financial year	92,522	278,901
Tax	-	-
Dividends	(122,960)	(301,397)
	<u>(30,438)</u>	<u>(22,496)</u>
Capital contribution	-	-
Net reduction to shareholders' funds	<u>(30,438)</u>	<u>(22,496)</u>
Opening shareholders' funds	333,877	356,373
Closing shareholders' funds	<u>303,439</u>	<u>333,877</u>

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

16) ANALYSIS OF CASH FLOWS

	<u>2000</u>	<u>1999</u>
	£	£
Returns on Investments and Servicing of Finance		
Interest Received	53,991	22,724
Interest Paid	(224,067)	(275,747)
	<u>(170,076)</u>	<u>(253,023)</u>
Capital Expenditure		
Purchase of Tangible Fixed Assets	<u>(128,520)</u>	<u>(150,663)</u>

17) RECONCILIATION OF MOVEMENT IN NET DEBT

	As at 1 January 2000	Cashflow	31 December 2000
	£	£	£
Cash at bank and in hand	1,114,227	412,876	1,527,103
Loans	(4,308,250)	-	(4,308,250)
NET DEBT	<u>(3,194,023)</u>	<u>412,876</u>	<u>(2,781,147)</u>

18) CAPITAL COMMITMENTS

	<u>2000</u>	<u>1999</u>
	£	£
Contracted for but not provided for in the Accounts	<u>93,017</u>	<u>-</u>
	<u>93,017</u>	<u>-</u>

This capital commitment relates to two Volvo refuelling vehicles for Edinburgh and Glasgow Airports.

PENTLAND AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 2000

19) ULTIMATE PARENT UNDERTAKINGS

As described on page 1 of the Directors' report, the Company is owned equally by Conoco Limited and BP Oil UK Limited.

20) RELATED PARTY TRANSACTIONS

The Company provides fuelling services for its joint owners, Conoco Limited and BP Oil UK Limited, in addition to another company.

During 2000 the amounts invoiced to Conoco Limited in respect of these services were £854,245 (1999: £1,075,580) and as at 31 December 2000 an amount of £133,057 (1999: £159,038) was owed to the Company by Conoco Limited.

During 2000 the amounts invoiced to Air BP Limited in respect of these services were £2,080,344 (1999: £2,132,835), and as at 31 December 2000 an amount of £399,190 (1999: £377,925) was owed to the Company by Air BP Limited.

During 2000 management and accounting services were provided to Pentland Aviation Fuelling Services Limited by Conoco Ltd £ 46,325, (1999: £26,835) and Air BP Ltd £5,147, (1999: £2,893).