

Company Registration No. 03189276 (England and Wales)

HEATHROW AIRPORT FUEL COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**



HEATHROW AIRPORT FUEL COMPANY LIMITED

COMPANY INFORMATION

Directors	C M Allen T B Davies A Ginsburger V Guy M S Hayward P Howley R Squitieri S Zain
Secretary	Shell Corporate Secretary Limited
Company number	03189276
Registered office	Building 1204 Sandringham Road Heathrow Airport Hounslow Middlesex TW6 3SH
Auditor	RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN

HEATHROW AIRPORT FUEL COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The company operates only at Heathrow Airport. Although the air traffic remained significantly reduced as against levels before the COVID-19 pandemic, there was some increase in the volumes handled in 2021, which had an impact on revenue and resulted in a profit for the year.

The company made a profit after taxation during the year of £3,083,000 (2020: £916,000 loss) with dividends of £5,000,000 paid during the year (2020: £Nil).

Despite the continuing difficult conditions surrounding COVID-19, the company's cash flow benefited from the increase in traffic and remains strong with cash at the balance sheet date of £7.8m (2020: £9.8m).

The Board's key measurement of financial KPIs is the company's operating cost and project expenditure performance against budget. The Board is satisfied that the company remained broadly within these budgeted parameters during 2021.

Strategic management

The company has five key strategic priorities, which are to:

- ensure and assure that the fuel delivered at Heathrow 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 key priorities:

- The company measures the quality of the aviation fuel;
- 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 & 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 performance against all of these measures remained within acceptable limits during 2021.

Future developments

In October 2016, the UK government announced a decision to allow a third runway to be built at Heathrow. The Court of Appeal ruled in February 2020 that the decision to approve the Heathrow expansion had been unlawful. In May 2020, the Supreme Court granted Heathrow and Arora Holdings permission to appeal the Appeal Court decision. In December 2020, the Supreme Court rejected the appeal and ruled that the project could move forward. Since the appeal the Heathrow Airport CEO has confirmed that the expansion would be dependent on economic recovery following COVID-19 and is not currently expected to commence before 2030.

At present the company does not expect there to be any material impact on its operations regarding the development above during 2022 or 2023, but is keeping this under review.

HEATHROW AIRPORT FUEL COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 specific and limited reasons. The company introduced measures to achieve the necessary levels of social distancing and hygiene within the workplace.

A tiered approach to exiting lockdown began in late March 2021. Although there were some occasions when restrictions were reintroduced, the general trend was for travel restrictions to and from the UK gradually to be eased. Fuel demand increased from 30% of 2019 levels in January 2021 to 63% in December 2021. It is anticipated that this will tend to lead to a steady increase in fuel demand 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 30 April 2022, the entity had cash resources of £8.0m. From a cashflow perspective, the company is projected as being able to withstand at least a 40% reduction in volume on 2019 levels for a period of at least 12 months if required.

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.

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 airport were adequate to meet unconstrained demand throughout 2021. Due to fuel demand still being significantly below levels prior to the COVID-19 pandemic, the risk of fuel shortages also continues to be below pre-pandemic levels.

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 monitors all interest-bearing assets and liabilities and their financial impact.

Health and Safety

The company conducts 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 & 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.

Conflict in Ukraine

At the time of signing the conflict in Ukraine is not thought to pose a significant risk to the business of the company.

HEATHROW AIRPORT FUEL COMPANY LIMITED

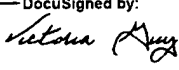
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Environmental Policy

The company's policy is to ensure that it conducts its business in a manner that is compatible with the balanced environmental and economic needs of the community. Furthermore, 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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V Guy

Director

24 May 2022

Date:

HEATHROW AIRPORT FUEL COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company during the year was that of a joint venture corporate vehicle to lease and manage the Perry Oaks aviation fuel tank farm and associated facilities at London Heathrow Airport.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £5,000,000 (2020: £Nil). The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C M Allen	(Appointed 1 January 2022)
M D Briggs	(Resigned 1 March 2021)
M J Christopoulos	(Resigned 1 January 2022)
T B Davies	
A Ginsburger	(Appointed 30 November 2021)
V Guy	
M S Hayward	
P Howley	(Appointed 6 September 2021)
P C Huck	(Appointed 1 March 2021 and resigned 30 November 2021)
C J Stacey	(Resigned 6 September 2021)
R Squitieri	
S Zain	

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

HEATHROW AIRPORT FUEL COMPANY LIMITED

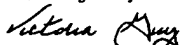
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Information set out in the strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management and the future developments of the business.

On behalf of the board

DocuSigned by:

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V Guy

Director

24 May 2022

Date:

HEATHROW AIRPORT FUEL COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW AIRPORT FUEL COMPANY LIMITED

Opinion

We have audited the financial statements of Heathrow Airport Fuel Company Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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;
- 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. 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW AIRPORT FUEL COMPANY LIMITED (CONTINUED)

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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

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 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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW AIRPORT FUEL COMPANY LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the Companies Act 2006 and Tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

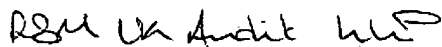
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and compliance with COMAH (Control of Major Accident Hazards). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations, inspected correspondence and searched for enforcements made by regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Jonathan Da Costa FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey GU1 1UN
6/06/2022

HEATHROW AIRPORT FUEL COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	10,555	5,629
Cost of sales		(712)	(727)
Gross profit		9,843	4,902
Administrative expenses		(5,970)	(5,921)
Operating profit/(loss)	5	3,873	(1,019)
Investment income	7	11	25
Finance costs	8	(109)	(207)
Profit/(loss) before taxation		3,775	(1,201)
Tax on profit/(loss)	9	(692)	285
Profit/(loss) for the financial year		3,083	(916)

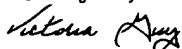
HEATHROW AIRPORT FUEL COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
Non-current assets					
Property, plant and equipment	11		14,580		17,839
Current assets					
Trade and other receivables	12	2,781		2,201	
Cash and cash equivalents		7,813		9,783	
		10,594		11,984	
Current liabilities	13	(4,690)		(4,178)	
Net current assets			5,904		7,806
Total assets less current liabilities			20,484		25,645
Non-current liabilities	14		(8,580)		(11,441)
Provisions for liabilities	16		-		(383)
Net assets			11,904		13,821
Equity					
Called up share capital	18		1		1
Retained earnings	19		11,903		13,820
Total equity			11,904		13,821

24 May 2022

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:

DocuSigned by:



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V Guy
Director

HEATHROW AIRPORT FUEL COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Share premium account	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 January 2020		1	7,500	7,236	14,737
Year ended 31 December 2020:					
Loss and total comprehensive expense for the year		-	-	(916)	(916)
Reduction of share premium	19	-	(7,500)	7,500	-
Balance at 31 December 2020		1	-	13,820	13,821
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	3,083	3,083
Transactions with owners:					
Dividends	10	-	-	(5,000)	(5,000)
Balance at 31 December 2021		1	-	11,903	11,904

HEATHROW AIRPORT FUEL COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	20		5,633		2,087
Interest paid			(123)		(266)
Income taxes refunded/(paid)			444		(370)
Net cash inflow from operating activities			<u>5,954</u>		<u>1,451</u>
Investing activities					
Purchase of property, plant and equipment		(89)		(273)	
Proceeds on disposal of property, plant and equipment		15		-	
Interest received		11		25	
Net cash used in investing activities			<u>(63)</u>		<u>(248)</u>
Financing activities					
Repayment of bank loans		(2,861)		(2,861)	
Dividends paid		(5,000)		-	
Net cash used in financing activities			<u>(7,861)</u>		<u>(2,861)</u>
Net decrease in cash and cash equivalents			<u>(1,970)</u>		<u>(1,658)</u>
Cash and cash equivalents at beginning of year			<u>9,783</u>		<u>11,441</u>
Cash and cash equivalents at end of year			<u><u>7,813</u></u>		<u><u>9,783</u></u>

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Heathrow Airport Fuel Company Limited is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The registered office is Building 1204 Sandringham Road, Heathrow Airport, Hounslow, Middlesex TW6 3SH.

The company's principal activities and nature of its operations are disclosed in the directors' report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £1,000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

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 March 2024 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 and as a minimum for a period of at least 12 months from the date of approval of the financial statements. As at 30 April 2022, the entity had cash resources of £8.0m. From a cashflow perspective, the company is projected as being able to withstand at least a 40% 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 future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue is recognised as the fair value of the consideration received or receivable for the provision of services in the ordinary nature of the business, and is recognised at the point of delivery of the service. Revenue is shown net of Valued Added Tax.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment	3 years straight line
Tanks and pipeworks	Shorter of 3-20 years or until the end of the lease period

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Assets under 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.

Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Impairment of non-current assets

At each reporting period end date, 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.

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.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 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 and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 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. There were no estimates and assumptions considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

3 Revenue

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and solely relates to throughput charges receivable.

4 Employees

There were no employees during the year apart from the directors.

The directors received no remuneration from the company, as they are senior executives of, and are remunerated by, the shareholders.

The company's facilities are operated by the staff of Heathrow Hydrant Operating Company Limited, a related party, for which a management charge is made (see note 23).

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5	Operating profit/(loss)	2021	2020
		£'000	£'000
	Operating profit/(loss) for the year is stated after charging:		
	Depreciation of owned property, plant and equipment	3,333	3,302
	Loss on disposal of property, plant and equipment	-	33
	Operating lease charges	700	700
		<u> </u>	<u> </u>
6	Auditor's remuneration	2021	2020
		£'000	£'000
	Fees payable to the company's auditor and its associates:		
	For audit services		
	Audit of the financial statements of the company	20	19
		<u> </u>	<u> </u>
	For other services		
	All other non-audit services	11	10
		<u> </u>	<u> </u>
7	Investment income	2021	2020
		£'000	£'000
	Interest income		
	Interest on bank deposits	2	25
	Other interest income	9	-
		<u> </u>	<u> </u>
	Total income	11	25
		<u> </u>	<u> </u>
8	Finance costs	2021	2020
		£'000	£'000
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank loans	109	207
		<u> </u>	<u> </u>
9	Taxation	2021	2020
		£'000	£'000
	Current tax		
	UK corporation tax on profits for the current period	1,154	171
	Adjustments in respect of prior periods	(6)	(153)
		<u> </u>	<u> </u>
	Total current tax	1,148	18
		<u> </u>	<u> </u>

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation (Continued)

	2021 £'000	2020 £'000
Deferred tax		
Origination and reversal of timing differences	(571)	(383)
Changes in tax rates	120	80
Adjustment in respect of prior periods	(5)	-
	<u>(456)</u>	<u>(303)</u>
Total deferred tax		
	<u>(456)</u>	<u>(303)</u>
Total tax charge/(credit)	692	(285)
	<u>692</u>	<u>(285)</u>

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	3,775	(1,201)
	<u>3,775</u>	<u>(1,201)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	717	(228)
Adjustments in respect of prior years	(11)	(153)
Effect of change in deferred tax rate	(17)	81
Fixed asset differences	40	52
Depreciation on capitalised finances costs	(37)	(37)
	<u>692</u>	<u>(285)</u>
Taxation charge/(credit) for the year	692	(285)
	<u>692</u>	<u>(285)</u>

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%).

10 Dividends

	2021 £'000	2020 £'000
Interim paid	5,000	-
	<u>5,000</u>	<u>-</u>

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment

	Fixtures, fittings and equipment £'000	Tanks and pipeworks £'000	Total £'000
Cost			
At 1 January 2021	31	69,707	69,738
Additions	-	89	89
Disposals	-	(15)	(15)
At 31 December 2021	31	69,781	69,812
Depreciation			
At 1 January 2021	31	51,868	51,899
Depreciation charged in the year	-	3,333	3,333
At 31 December 2021	31	55,201	55,232
Carrying amount			
At 31 December 2021	-	14,580	14,580
At 31 December 2020	-	17,839	17,839

Included within Tanks and pipeworks are capitalised finance costs of £3,897,000 (2020: £3,897,000) and assets under the course of construction of £318,000 (2020: £305,000).

12 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	2,036	731
Corporation tax recoverable	-	782
Other receivables	80	89
Prepayments and accrued income	592	599
	2,708	2,201
Amounts falling due after more than one year:		
Deferred tax asset (note 17)	73	-
Total debtors	2,781	2,201

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Current liabilities

	Notes	2021 £'000	2020 £'000
Bank loan	15	2,861	2,861
Corporation tax payable		503	-
Trade payables		843	420
Amounts due to related parties		304	674
Accrued interest		43	57
Other payables		-	84
Accruals and deferred income		136	82
		<u>4,690</u>	<u>4,178</u>

14 Non-current liabilities

	Notes	2021 £'000	2020 £'000
Bank loans	15	<u>8,580</u>	<u>11,441</u>

15 Borrowings

	2021 £'000	2020 £'000
Bank loans	<u>11,441</u>	<u>14,302</u>
Payable within one year	2,861	2,861
Payable after one year	<u>8,580</u>	<u>11,441</u>

A fixed and floating charge over all the assets of the company has been given as security for the loan. The loan is repayable by July 2025, by way of consecutive semi-annual instalments of £1,430,250. Interest was charged on the outstanding balance at LIBOR plus 0.8%. The interest rate used will transition post year end from LIBOR to the UK base rate.

16 Provisions for liabilities

	Notes	2021 £'000	2020 £'000
Deferred tax liabilities	17	<u>-</u>	<u>383</u>

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £'000	Liabilities 2020 £'000	Assets 2021 £'000	Assets 2020 £'000
Balances:				
Accelerated capital allowances	-	383	73	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Movements in the year:				2021 £'000
Liability at 1 January 2021				383
Credit to profit or loss				(456)
				<u> </u>
Asset at 31 December 2021				(73)
				<u> </u>

18 Share capital

	2021 £'000	2020 £'000
Ordinary share capital		
Issued and fully paid		
700 Ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>

Ordinary share rights

The company's ordinary share capital, which carry no right to fixed income, carry the right to one vote at general meetings of the company.

19 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs. During the prior year, a special resolution was passed to reduce the share premium account to nil.

Retained earnings

Cumulative profit and loss net of distributions to owners.

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Cash generated from operations

	2021 £'000	2020 £'000
Profit/(loss) for the year after tax	3,083	(916)
Adjustments for:		
Taxation charged/(credited)	692	(285)
Finance costs	109	207
Investment income	(11)	(25)
Loss on disposal of property, plant and equipment	-	33
Depreciation and impairment of property, plant and equipment	3,333	3,302
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(1,291)	78
(Decrease) in trade and other payables	(282)	(307)
Cash generated from operations	5,633	2,087

Cash and cash equivalents included in the Statement of Cash Flows comprise of cash at bank and in hand. This is consistent with the presentation in the Statement of Financial Position.

21 Analysis of changes in net debt

	1 January 2021 £'000	Cash flows £'000	31 December 2021 £'000
Cash at bank and in hand	9,783	(1,970)	7,813
Borrowings excluding overdrafts	(14,302)	2,861	(11,441)
	<u>(4,519)</u>	<u>891</u>	<u>(3,628)</u>

22 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for use of its premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2020 £'000
Within one year	700	700
Between one and five years	2,801	2,801
In over five years	6,011	6,711
	<u>9,512</u>	<u>10,212</u>

HEATHROW AIRPORT FUEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is made via management charges to Heathrow Hydrant Operating Company Limited, a related party, and is as follows:

	2021 £'000	2020 £'000
Aggregate compensation	151	136

The were no key management personnel employed by the company during the year.

Turnover of the company relates to the provision of services to its shareholders. At the year-end, £2,036,000 (2020: £714,000) is owed by shareholders and is contained within trade receivables.

During the year the company incurred management charges of £430,000 (2020: £414,000) from a related party by virtue of common control. Additionally, the company incurred recharged expenditure of £1,085,000 (2020: £1,629,000) from, and made recharges of £21,000 (2020: £19,000) to this related party. At the balance sheet date, Heathrow Airport Fuel Company Limited owed £283,000 (2020: £266,000), which is found within trade payables. Furthermore, the company was owed £Nil (2020: £17,000), which is found within trade receivables. The company also owes £Nil (2020: £84,000) to the related party which is found within other payables.

The company was charged £51,000 (2020: £49,000) by its shareholders during the year in relation to participant support costs. At the balance sheet date £17,000 (2020: £Nil) was included within trade creditors.

The company is a member of a consortium for tax purposes and during the year received losses totalling £1,603,000 (2020: £1,843,000) under s402 consortium relief at the standard rate of corporation tax. At 31 December 2021 amounts payable in respect of losses are £304,000 (2020: £674,000) and are included within 'Amounts owed to related parties'.

24 Ultimate controlling party

The company is owned by a consortium and there is no singular ultimate controlling party.