

Heathrow Airport Fuel Company Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2012

THURSDAY



L2I7CS9N

LD4 03/10/2013 #20
COMPANIES HOUSE

LD7 26/09/2013 #117
COMPANIES HOUSE

Company Registration No 03189276

Heathrow Airport Fuel Company Limited

DIRECTORS AND OFFICERS

DIRECTORS

N R Watkins
J McMillan
J Buxton
R A Jones
T B Davies
D Stokes
P Westerman
M Henderson

SECRETARY

Shell Corporate Secretary Limited

COMPANY NUMBER

03189276 (England and Wales)

REGISTERED OFFICE

Building 1204 Sandringham Road
Heathrow Airport
Hounslow
Middlesex
TW6 3SH

AUDITOR

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

Heathrow Airport Fuel Company Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a joint venture corporate vehicle to lease and manage the aviation fuel tank farms at London Heathrow Airport

REVIEW OF THE BUSINESS

The company made a profit after taxation during the year of £5,094,000 (2011 £6,001,000). The directors expect the company's profitability to decrease slightly in future years, but profitability and cash-flow are nevertheless expected to remain sound.

Interim dividends of £4,475,000 (£6,393 per £1 share) were paid during the year (2011 £9,762,000 - £16,270 per £1 share).

Supplies of jet fuel into the airport were adequate to meet unconstrained demand throughout 2012.

There are three main business risks facing the company – HSSE risks (i.e. Health, Safety, Security and Environmental matters), the risk of major accidents or other process safety incidents and the risk of shortfalls in the quality of the aviation fuel it handles. The company has key performance indicators against six strategic themes, being HSSE, Customer Service, Operating Efficiency, People, License to Operate and Process Safety. Each strategic theme is broken into three to seven performance areas, which in turn are monitored by means of one or more measures or performance areas. The company's performance against all of these areas in 2012 was acceptable.

The company has for some time been seeking to build a new tank farm. Its landlord agreed in December 2011 to provide a location at Heathrow for the development to take place. During 2012, the company completed an 'initial set-up and scoping phase' of a potential project, initiated heads of terms discussions with its landlord and circulated a 'gateway one' business case for approval. The project has not currently exited 'gateway one'.

The fundamental business continues to be sound.

DIRECTORS

The following directors have held office since 1 January 2012 -

R A Crowe	(Resigned 31 January 2012)
F C Hogan	(Resigned 1 August 2013)
N R Watkins	(Appointed 1 August 2013)
J McMillan	
J Buxton	
A Ibrahim	(Resigned 1 April 2012)
R A Jones	
J Daniels	(Resigned 3 May 2012)
T B Davies	
P J Dubenski	(Resigned 1 April 2012)
D A Storey	(Appointed 1 February 2012, resigned 5 December 2012)
D Stokes	(Appointed 3 May 2012)
P Westerman	(Appointed 1 April 2012)
M Henderson	(Appointed 6 December 2012)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.


Heathrow Airport Fuel Company Limited

DIRECTORS' REPORT

AUDITOR

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office

By order of the board



J. McMillan
Director

19 September 2013

Heathrow Airport Fuel Company Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing 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 for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c 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

We have audited the financial statements on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 by the company, 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.

Baker Tilly UK Audit LLP

GRAEME MILES FCCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3rd Floor

One London Square

Cross Lanes

Guildford

Surrey GU1 1UN

23 September 2013

Heathrow Airport Fuel Company Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2012

	<i>Notes</i>	2012 £ 000	2011 £ 000
TURNOVER	1	13,402	14,603
Cost of sales		(565)	(510)
Gross profit		<u>12,837</u>	<u>14,093</u>
Other operating expenses	2	(5,530)	(5,476)
OPERATING PROFIT		<u>7,307</u>	<u>8,617</u>
Interest receivable	3	1	5
Interest payable	4	(771)	(775)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>6,537</u>	<u>7,847</u>
Taxation	7	(1,443)	(1,846)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u><u>5,094</u></u>	<u><u>6,001</u></u>

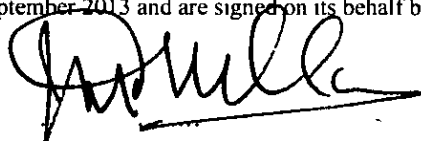
The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Heathrow Airport Fuel Company Limited
 BALANCE SHEET (Company Registration Number 03189276)
 31 December 2012

	Notes	2012 £ 000	2011 £ 000
FIXED ASSETS			
Tangible assets	9	43,398	46,709
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	10	2,134	2,019
Cash at bank and in hand		11,110	11,086
		<hr/>	<hr/>
		13,244	13,105
CREDITORS Amounts falling due within one year	11	(5,080)	(5,685)
		<hr/>	<hr/>
NET CURRENT ASSETS		8,164	7,420
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		51,562	54,129
		<hr/>	<hr/>
CREDITORS Amounts falling due after more than one year	12	(34,325)	(37,186)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES	13	(2,833)	(3,158)
		<hr/>	<hr/>
NET ASSETS		14,404	13,785
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Share premium	15	7,500	7,500
Profit and loss account	15	6,903	6,284
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	16	14,404	13,785
		<hr/>	<hr/>

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 19 September 2013 and are signed on its behalf by


 J. McMillan
 Director
 19th Sept 2013

Heathrow Airport Fuel Company Limited
CASH FLOW STATEMENT
for the year ended 31 December 2012

	Notes	2012 £ 000	2011 £ 000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	10,476	12,320
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1	5
Interest paid		(771)	(782)
Net cash outflow for returns on investments and servicing of finance		<u>(770)</u>	<u>(777)</u>
TAXATION		(2,346)	(1,372)
EQUITY DIVIDENDS PAID		(4,475)	(9,762)
Cash inflow before financing		<u>2,885</u>	<u>409</u>
FINANCING			
Repayment of long term bank loan		(2,861)	(2,861)
Issue of share capital		-	7,500
INCREASE IN CASH IN THE YEAR		<u><u>24</u></u>	<u><u>5,048</u></u>

Heathrow Airport Fuel Company Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation

Depreciation is provided on all tangible fixed assets calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows

Tanks and pipeworks	Between 3 and 20 years
Fixtures, fittings and equipment	3 years

CAPITALISATION OF INTEREST

Interest directly attributable to the construction of tangible fixed assets, incurred up to the time that identifiable major capital projects are ready for service, is capitalised as part of the cost of the assets

DEFERRED TAXATION

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

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. Deferred tax is measured on a non-discounted basis

LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term

TURNOVER

Turnover is recognised as the fair value of the consideration received or receivable for the sale of goods and services in the ordinary nature of the business. Turnover is shown net of Valued Added Tax

Heathrow Airport Fuel Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit on ordinary activities before taxation is derived from its principal activity wholly undertaken in the United Kingdom

2 OTHER OPERATING EXPENSES

	2012 £'000	2011 £'000
--	---------------	---------------

Administrative expenses	5,530	5,476
-------------------------	-------	-------

3 INTEREST RECEIVABLE

	2012 £ 000	2011 £'000
--	---------------	---------------

Bank interest	1	1
Other interest	-	4
	<u>1</u>	<u>5</u>

4 INTEREST PAYABLE

	2012 £'000	2011 £'000
--	---------------	---------------

On bank loans	771	775
---------------	-----	-----

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012 £ 000	2011 £'000
--	---------------	---------------

Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible assets		
- owned assets	3,311	3,311
Operating lease rentals		
- land and buildings	673	673
Auditor's remuneration for statutory auditor	11	12

6 EMPLOYEES

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

The company utilises the staff of Heathrow Hydrant Operating Company Limited, a related party, for which a charge is made (see note 20).

Heathrow Airport Fuel Company Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

7	TAXATION	2012	2011
		£ 000	£ 000
	Current tax		
	UK Corporation tax	1,768	1,951
	Adjustment for prior periods		
	Corporation tax adjustments	-	(205)
	Consortium relief adjustments	-	192
	Current tax charge	1,768	1,938
	Deferred tax		
	Effects of changes in tax rates	(243)	(242)
	Origination and reversal of timing differences	(82)	150
	Deferred tax charge	(325)	(92)
	Total tax on profit on ordinary activities	1,443	1,846
	Factors affecting tax charge for the period		
	Profit on ordinary activities before taxation	6,537	7,847
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24% (2011 26%)	1,569	2,040
	Effects of		
	Non deductible expenses	78	31
	Capital allowances in excess of depreciation	88	(156)
	Adjustment for prior periods	-	(13)
	Change in tax rate	33	36
		199	(102)
	Current tax charge	1,768	1,938
8	DIVIDENDS	2012	2011
		£'000	£ 000
	Ordinary		
	Interim paid - £6,393 per share (2011 £16,270)	4,475	9,762

The interim dividend in the prior year was paid prior to the share issue made in that year

Heathrow Airport Fuel Company Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

9 TANGIBLE FIXED ASSETS

	<i>Tanks and pipeworks</i>	<i>Fixtures fittings & equipment</i>	<i>Total</i>
	£'000	£'000	£ 000
Cost			
1 January 2012	69,188	31	69,219
Additions	-	-	-
31 December 2012	69,188	31	69,219
Depreciation			
1 January 2012	22,479	31	22,510
Charge for the year	3,311	-	3,311
31 December 2012	25,790	31	25,821
Net book value			
31 December 2012	43,398	-	43,398
31 December 2011	46,709	-	46,709

Included within Tanks and Pipeworks are capitalised finance costs of £3,896 960 (2011 £3,896 960)

10 DEBTORS	2012	2011
	£'000	£'000
Due within one year		
Trade debtors	1,602	1,482
Other debtors	59	52
Prepayments and accrued income	473	485
	2,134	2,019

11 CREDITORS	2012	2011
	£'000	£'000
Amounts falling due within one year		
Bank loans (note 12)	2,861	2,861
Trade creditors	89	74
Amounts owed to related parties	-	186
Corporation tax	668	1,246
Accruals and deferred income	1,462	1,318
	5,080	5,685

Heathrow Airport Fuel Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

12	CREDITORS	2012 £ 000	2011 £ 000
	Amounts falling due after more than one year		
	Bank loan	34,325	37,186
	Loan maturity analysis		
	In less than one year	2,861	2,861
	In more than one year but not more than two years	2,861	2,861
	In more than two years but not more than five years	8,580	8,580
	In more than five years	22,884	25,745
		37,186	40,047
	Included in current liabilities	(2,861)	(2,861)
		34,325	37,186

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 January 2025, by way of consecutive semi-annual instalments of £1,430,500. Interest is charged on the outstanding balance at LIBOR plus 0.8%.

13	PROVISIONS FOR LIABILITIES		<i>Deferred taxation £'000</i>
	Balance at 1 January 2012		3,158
	Transfer from profit and loss account		(325)
	Balance at 31 December 2012		2,833
	Deferred taxation provided in the financial statements is as follows		
		2012 £'000	2011 £ 000
	Excess of tax allowances over depreciation	2,268	2,495
	Other timing differences	565	663
		2,833	3,158

The deferred tax liability has been calculated using a rate of 23%, which represents the enacted rate of corporation tax as at 31 December 2012. Further reductions to 21% with effect from April 2014 have been announced but have not yet been enacted.

14	SHARE CAPITAL	2012 £'000	2011 £'000
	Allotted, issued and fully paid 700 (2011: 700) Ordinary shares of £1 each	1	1

Heathrow Airport Fuel Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

15 STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £ 000	Profit and loss account £ 000	TOTAL £ 000
1 January 2012	7,500	6,284	13,784
Profit for the financial year	-	5,094	5,094
Dividends	-	(4,475)	(4,475)
31 December 2012	<u>7,500</u>	<u>6,903</u>	<u>14,403</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £ 000
Profit for the financial year	5,094	6,001
Dividends	(4,475)	(9,762)
	<u>619</u>	<u>(3,761)</u>
Issue of shares	-	7,500
	<u>619</u>	<u>3,739</u>
Net addition to shareholders' funds	13,785	10,046
Opening shareholders' funds		
Closing shareholders funds	<u>14 404</u>	<u>13,785</u>

17 CASH FLOWS

a	Reconciliation of operating profit to net cash flow from operating activities	2012 £'000	2011 £'000
	Operating profit	7,307	8,617
	Depreciation of tangible assets	3,311	3,311
	Loss on disposal of tangible assets	-	4
	(Increase)/decrease in debtors	(115)	116
	(Decrease)/increase in creditors	(27)	272
	Net cash inflow from operating activities	<u>10,476</u>	<u>12,320</u>

b Analysis of changes in net debt

	1 January 2012 £ 000	Cash flow £ 000	Other non- cash changes £'000	31 December 2012 £ 000
Net cash				
Cash at bank and in hand	11,086	24	-	11,110
Debt				
Due within one year	(2,861)	2,861	(2,861)	(2,861)
Due after one year	(37,186)	-	2,861	(34,325)
	<u>(40,047)</u>	<u>2,861</u>	<u>-</u>	<u>(37,186)</u>
	<u>(28,961)</u>	<u>2,885</u>	<u>-</u>	<u>(26,076)</u>