

Gatwick Airport Storage and Hydrant Company Limited

REGISTERED NUMBER: 02885038

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012**



GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

The directors of the company who were in office at the date of signing the financial statements were

Mr D Stokes (Chairman)

Mr J McMillan

Mr S Naish

Mr RA Jones

Mr N R Watkins

Mr A Taylor

COMPANY SECRETARY

Shell Corporate Secretary Limited

REGISTERED OFFICE

8 York Road

LONDON

SE1 7NA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

First Point

Buckingham Gate

Gatwick

RH6 0PP

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for Gatwick Airport Storage and Hydrant Company Limited (the "Company") for the year ended 31 December 2012

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were

Mr M Daniels	Resigned 03 May 2012
Mr F C Hogan	Resigned 01 August 2013
Mr J McMillan	
Mr J Buxton	Resigned 23 January 2013
Mr D A Storey	Resigned 14 November 2012
Mr D Stokes (Chairman)	Appointed 03 May 2012
Mr M Nash	Resigned 01 August 2012
Mr P Westerman	Resigned 01 October 2013
Mrs M Henderson	Resigned 01 October 2013
Mr RA Jones	Appointed 01 August 2012
Mr R Squitieri	Resigned 23 January 2013
Mr N R Watkins	Appointed 01 August 2013
Mr A Mills	Resigned 01 April 2012
Mr AS Ibrahim	Resigned 01 April 2012
Mr A Taylor	Appointed 01 October 2013
Mr S Naish	Appointed 01 October 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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 prepared 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,
- state whether applicable UK 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 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

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

DIRECTORS' REPORT (continued)

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company's principal activities are the storage of aviation fuel on its leased tank farm site and the operation of the aviation fuel hydrant system at Gatwick Airport

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. There is an interest rate risk in relation to the variable rate on the long term loan, this is monitored on a quarterly basis by the Directors. Price risk, liquidity risk and credit risk are not considered to be significant given the nature of the business.

FUTURE OUTLOOK

The external commercial environment in which the Company operates is expected to remain challenging in 2013.

RESULTS AND DIVIDENDS

The results for the Company show a profit of £5,027,816 (2011 £4,197,492) for the financial year.

A dividend of £3,500,000 (£4,375 per share) was paid in the financial year ended 31 December 2012 (2011 £7,000,000).

A dividend of £1,000,000 was paid in May 2013.

DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the financial statements confirm that so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board,



Elizabeth Williams

Authorised signatory
Shell Corporate Secretary Limited
Company Secretary

Date 29 October 2013

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

We have audited the financial statements of Gatwick Airport Storage and Hydrant Company Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 and cash flows 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 matter 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, 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.



Simon Bailey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
29 October 2013

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Turnover	2	13,368	12,564
Administrative expenses		<u>(7,169)</u>	<u>(6,669)</u>
Other operating income	4	<u>6,199</u> <u>705</u>	<u>5,895</u> <u>152</u>
OPERATING PROFIT	4	6,904	6,047
Other interest receivable and similar income		12	12
Interest payable and similar charges	3	<u>(365)</u>	<u>(393)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,551	5,666
Tax on profit on ordinary activities	5	<u>(1,523)</u>	<u>(1,469)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>5,028</u>	<u>4,197</u>

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

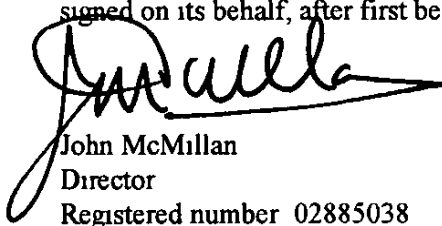
There were no recognised gains or losses other than the profit for the current financial year and prior financial year and accordingly a separate statement of total recognised gains or losses has not been presented All amounts relate to continuing operations

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED**BALANCE SHEET
at 31 December 2012**

	Note	2012 £000	2011 £000
FIXED ASSETS			
Tangible assets	6	16,520	16,708
CURRENT ASSETS			
Debtors amounts falling due after more than one year	7	646	646
Debtors amounts falling due within one year	7	2,312	1,821
Cash at bank and in hand		5,623	5,094
		<u>8,581</u>	<u>7,561</u>
CREDITORS: amounts falling due within one year	8	(2,237)	(2,404)
NET CURRENT ASSETS		<u>6,344</u>	<u>5,157</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,864</u>	<u>21,865</u>
CREDITORS amounts falling due after more than one year	8	(11,386)	(12,007)
Provisions for liabilities	10/11	(2,576)	(2,484)
NET ASSETS		<u>8,902</u>	<u>7,374</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	8,901	7,373
TOTAL SHAREHOLDERS' FUNDS	19	<u>8,902</u>	<u>7,374</u>

The notes on pages 9 to 19 form part of these financial statements

The financial statements on pages 6 to 19 were approved by the Board of Directors on 29 October 2013 and signed on its behalf, after first being circulated electronically to the directors



John McMillan
Director
Registered number 02885038

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED**CASH FLOW STATEMENT****for the year ended 31 December 2012**

	Note	2012 £000	2011 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	8,458	7,571
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		12	12
Interest paid		(277)	(305)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(265)	(293)
TAXATION		(1,852)	(1,144)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(1,674)	(772)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,674)	(772)
EQUITY DIVIDENDS PAID	22	(3,500)	(7,000)
NET CASH INFLOW/ (OUTFLOW) BEFORE FINANCING		1,167	(1,638)
FINANCING			
Loan advances	17	-	-
Loan repayments	17	(638)	(1,638)
NET CASH (OUTFLOW) FROM FINANCING		(638)	(1,638)
INCREASE / (DECREASE) IN CASH	16/17	529	(3,276)

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis under the historic cost convention and in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom and the accounting policies as described below. The accounting policies have been consistently applied.

(b) Revenue recognition

Throughput fees

Turnover represents the throughput fees in the United Kingdom charged to users of the storage and hydrant system at Gatwick Airport and is recognised on an accruals basis. The shareholders are invoiced a month in arrears for the supply of jet fuel at Gatwick Airport.

(c) Tangible fixed assets

Tangible fixed assets are recorded at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard ("FRS") 11 "Impairment of fixed assets and goodwill". Impairments thus arising are recorded in profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of a fixed asset increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current financial year to the extent that it increases the carrying amount of the fixed asset up to the amount it would have been had the original impairment not occurred.

Depreciation is charged to reduce the cost of each group of assets to its residual value over its expected useful life on a straight line basis. Leased assets are depreciated over the lower of their expected useful lives or the remaining period of the lease. The expected useful lives applicable to the major classes of assets are as follows:

Plant and machinery	1 - 26 years
Decommissioning and restoration asset	26 years
Buildings	26 years

No depreciation is provided in respect of land.

(d) Leasing and hire purchase commitments

Assets leased under operating leases have been accounted for on the basis prescribed by Statement of Standard Accounting Practice ("SSAP") 21 "Accounting for leases and hire purchase contracts".

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

The lease payments are charged to the profit and loss account on a straight line basis over the lease term

(e) Corporation tax

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to HM Revenue and Customs, or for consortium relief to surrender to or to be received from other consortium members, and for which payment may be requested

In the event that payment should be made at a rate different from the tax rate prevailing in the current year, adjustments would be taken up to reflect the rate differential

(f) Deferred corporation tax

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 profit 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when tangible fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold. Amounts relating to deferred tax are undiscounted

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

(g) Working capital

Liquid resources, for the purpose of the cash flow statement, consist of current asset investments held as readily disposable stores of value

(h) Provisions for liabilities

In respect of decommissioning and restoration provisions, the Company follows the requirements of FRS 12 "Provisions, contingent liabilities and contingent assets". The total estimated cost of decommissioning and restoration, discounted to its net present value, is provided for within provisions for liabilities and charges. A sum equivalent to the initial net

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2012

present value is capitalised as part of the cost of the storage and hydrant facilities, and amortised over the remaining life of the lease on a straight-line basis. The unwinding of the discount on the total provision is charged to the profit and loss account as an interest expense.

(i) Finance costs

Finance costs relating to loan financing are allocated to the profit and loss account at a constant rate on the carrying amount over the life of the loan, in line with FRS 25 "Financial instruments disclosures and presentation".

(j) Other operating income

Other operating income relates to the sublease on the company's land. This income is received from Esso for pipeline rental and is invoiced monthly in advance.

2. Turnover

Turnover is all related to the storage and hydrant facility and originates in the United Kingdom.

3. Interest payable and similar charges

	2012	2011
	£000	£000
Interest payable on bank loans	276	304
Bank loan arrangement fees	17	17
Unwinding of discount on long term provisions (note 10)	72	72
	365	393

4. Operating profit

Profit on ordinary activities before taxation is stated after charging the following:

	2012	2011
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	25	24
Depreciation (note 6)	2,092	1,787
Staff costs for employees seconded from Shell Aviation Limited	874	757
Operating lease rental charged: Land and Buildings	1,978	1,978

The increase in other operating income relates to the receipt of backdated rent.

The Directors received no emoluments in respect of their services to the Company during the financial year (2011 nil).

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

5. Tax on profit on ordinary activities

The tax charge for the financial year of £1,523,327 (2011 £1,468,594) is made up as follows

	2012	2011
	£000	£000
Current tax		
UK corporation tax	1,810	1,617
Adjustments in respect of prior years	(20)	-
Deferred tax		
Effect of changes in corporation tax rates	(94)	(108)
Origination and reversal of timing differences	(191)	(40)
Adjustments in respect of prior year	18	-
Total deferred tax (credit) / charge (notes 10 and 11)	<u>(267)</u>	<u>(148)</u>
Total tax charge	<u>1,523</u>	<u>1,469</u>

The tax assessed for the year differs from the standard rate of UK corporation tax 24.5% (2011 26.5%) The differences are explained below

	2012	2011
	£000	£000
Profit on ordinary activities before taxation	6,551	5,666
Profit on ordinary activities multiplied by the standard rate in the UK 24.5% (2011 26.5%)	1,604	1,501
Effect of		
Expenses not deductible for tax purposes	15	72
Depreciation in excess of capital allowances	103	23
Other timing differences	88	21
Adjustments to tax charge in respect of prior years	<u>(20)</u>	<u>-</u>
Total current tax	<u>1,790</u>	<u>1,617</u>

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012 Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.5%

Factors affecting current and future tax charges

Changes to the UK corporation tax rate were announced in the March 2012 Budget, including a reduction to the UK main corporation tax rate from 26% to 24% which became effective on 1 April 2012 and was substantively enacted on 26 March 2012. A further reduction to 23% is effective from 1 April 2013 and was substantively enacted on 3 July 2012. The March 2013 Budget announced further changes which are expected to be enacted separately each year and propose to reduce the UK corporation tax rate to 20% by 1 April 2015 with the reduction to 21% effective from 1 April 2014. The relevant deferred tax balances have been re-measured to 23.0%, the rate enacted by the balance sheet date.

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2012**6. Tangible fixed assets**

	Decommissioning and restoration	Land and buildings	Plant and machinery	Total
	£000	£000	£000	£000
Cost				
Balance at 1 January 2012	403	2,962	34,519	37,884
Additions	505	-	1,674	2,179
Disposals	-	-	(1,094)	(1,094)
Balance at 31 December 2012	908	2,962	35,099	38,969
Accumulated depreciation				
Balance at 1 January 2012	208	2,160	18,808	21,176
Charge for the year	286	50	2,031	2,367
Disposals	-	-	(1,094)	(1,094)
Balance at 31 December 2012	494	2,210	19,745	22,449
Net book amount				
At 31 December 2012	414	752	15,354	16,520
At 31 December 2011	195	802	15,711	16,708

Capital commitments

£3,493,679 of capital expenditure has been authorised, and not contracted for 2012 (2011 £3,131,389)

7. Debtors

	2012 £000	2011 £000
Amounts falling due within one year		
Trade debtors	177	175
Amounts owed by related parties (note 20)	1,549	925
VAT recoverable	19	154
Prepayments and accrued income	567	567
	2,312	1,821
Amounts falling due after more than one year		
Other debtors	646	646

Other debtors consist of dead stock at cost totalling £646,450 (2011 £646,450), which is recoverable from Company shareholders after more than one year

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

8. Creditors

	2012	2011
	£000	£000
Amounts falling due within one year		
Bank loans due within one year	638	638
Trade creditors	3	3
Corporation tax payable (note 9)	804	866
Amounts owed to related parties (note 20)	532	208
Accruals and deferred income	260	689
	<u>2,237</u>	<u>2,404</u>
Amounts falling due after more than one year		
Bank loans – repayable by instalments 1-2 years	621	1,276
Bank loans – repayable by instalments 2-5 years	2,863	3,552
Bank loans repayable greater than 5 years	<u>7,902</u>	<u>7,179</u>
	<u>11,386</u>	<u>12,007</u>

Bank loans are secured via a debenture signed on 17 December 2003 by a first fixed and floating charge over all the assets of the Company. The loan is repayable by instalments, the final repayment being made on 31 May 2027.

The interest rate on the bank loan is LIBOR + 0.8%. At 31 December 2012 the rate was 1.81% (2011: 1.88%).

9. Taxation payable

The amount set aside for taxation represents the provision for estimated outstanding liabilities for taxation based on net income and chargeable gains included in the financial statements for the financial years up to and including 2012.

The provision comprises

	2012	2011
	£000	£000
Current corporation tax payable	804	866

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2012**10. Provisions for liabilities**

	Deferred taxation £000	Decommissioning and restoration £000	Total £000
Balance at 1 January 2012	1,308	1,176	2,484
Credited to the profit and loss account	(191)	-	(191)
Impact of tax rate change	(94)	-	(94)
Unwinding of discount	-	72	72
Adjustments in respect of prior years	18	287	305
Balance at 31 December 2012	<u>1,041</u>	<u>1,535</u>	<u>2,576</u>

At 31 December 2012, the Company has provided £1,535,000 (2011 £1,176,000) in respect of the decommissioning of its storage and hydrant facilities and related infrastructure at Gatwick Airport. It is anticipated that the decommissioning and restoration costs will be incurred over the next 16 years. A review of the existing provision was carried out in August 2011. The provision has been estimated using existing technology, at current prices and discounted using a discount rate of approximately 3%.

Refer to note 11 for further information relating to deferred tax.

11. Deferred tax

The amount set aside for deferred tax represents the timing differences between the recognition of items of income and expenditure for accounting and tax purposes for the financial years up to and including 2012.

The provision comprises

	2012 £000	2011 £000
Provision for deferred tax		
Accelerated capital allowances	1,392	1,602
Other timing differences	(351)	(294)
Total deferred tax	<u>1,041</u>	<u>1,308</u>
Balance at 1 January 2012	1,308	
Deferred tax credit in the profit and loss account	(191)	
Adjustments in respect of prior years	18	
Impact of tax rate change	(94)	
Balance at 31 December 2012	<u>1,041</u>	

A reduction in the rate of corporation tax to 23% is effective from 1 April 2013 and was substantively enacted on 3 July 2012. The March 2013 Budget announced further changes which are expected to be enacted separately each year and propose to reduce the UK corporation tax rate to 20% by 1 April 2015 with the reduction to 21% effective from 1 April 2014. The relevant deferred tax balances have been re-measured to 23.0%, the rate enacted by the balance sheet date.

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

12. Called up share capital

	2012	2011
	£	£
Ordinary shares of £1 (2011 £1) each -		
1000 authorised (2011 1000)	1,000	1,000
800 allotted and fully paid (2011 800)	800	800

13. Profit and loss account

	2012	2011
	£000	£000
At 1 January	7,373	10,176
Profit for the financial year	5,028	4,197
Dividends paid	(3,500)	(7,000)
At 31 December	<u>8,901</u>	<u>7,373</u>

14. Operating lease commitments

	2012	2011
	Short leasehold land and buildings £000	Short leasehold land and buildings £000
At 31 December the Company's annual commitments under operating leases were as follows		
Operating leases which expire after more than five years	1,978	1,978

15. Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£000	£000
Operating profit	6,904	6,047
Adjustment to provisions in respect of prior years	(217)	(67)
Depreciation charges (refer to note 6)	2,367	1,786
(Increase) in debtors	(491)	(262)
(Decrease)/Increase in creditors	(105)	67
Net cash inflow from operating activities	<u>8,458</u>	<u>7,571</u>

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the year ended 31 December 2012**

16. Analysis of changes in net debt

	At 1 January 2012 £000	Cash flow £000	At 31 December 2012 £000
Cash at bank and in hand	5,094	529	5,623
Debt due within one year	(638)	-	(638)
Debt due after more than one year (gross of loan issue costs)	(12,257)	638	(11,619)
	<u>(7,801)</u>	<u>1,167</u>	<u>(6,634)</u>

17. Reconciliation of net cash flow to movements in net debt

	2012 £000	2011 £000
Increase / (decrease) in cash for the year	529	(3,276)
Repayment of debt	638	1,638
Change in net debt	<u>1,167</u>	<u>(1,638)</u>
Net debt at 1 January	<u>(7,801)</u>	<u>(6,163)</u>
Net debt at 31 December	<u>(6,634)</u>	<u>(7,801)</u>

18. Employees

The Company had no employees during 2012 (2011 nil)

19. Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit for the financial year	5,028	4,197
Dividends paid during the financial year	(3,500)	(7,000)
Retained profit / loss sustained for the financial year	<u>1,528</u>	<u>(2,803)</u>
Opening shareholders' funds	<u>7,374</u>	<u>10,177</u>
Closing shareholders' funds	<u>8,902</u>	<u>7,374</u>

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the year ended 31 December 2012**

20. Related party transactions

The Company had the following transactions with related parties

<i>Name of related party</i>	<i>Relationship</i>	<i>Holding</i>	<i>Throughput fees charged in 2012</i>	<i>Balance outstanding at 31.12.12</i>	<i>Throughput fees charged in 2011</i>	<i>Balance outstanding at 31.12.11</i>
Esso Petroleum Company Limited	Company Shareholder	25.0%	£4,650,102	£974,748	£4,445,701	£348,454
Elf Oil UK Aviation Limited / Total UK Limited	Company Shareholder	25.0%	£27,260	£614	£42,257	£5,081
Shell U.K. Limited	Company Shareholder	12.5%	£2,251,596	£275,638	£2,345,544	£277,505
Shell International Petroleum Company Limited			-	-	-	-
Valero Energy Corporation	Company Shareholder	12.5%	-	£4,147	-	-
BP International Limited	Company Shareholder	12.5%	£4,154,226	£272,569	£3,886,095	£284,832
Kuwait Petroleum International Aviation (UK) Limited	Company Shareholder	12.5%	£106,696	£21,249	-	-

Balances outstanding with related parties are trading in nature and do not bear interest

During 2012 £705,000 was charged by the Company to Esso Petroleum Company Limited in relation to sub-lease rent (2011 £152,000)

During 2012 £2,765,705 in relation to administrative expenses was recharged to the Company by Shell UK Limited (2011 £2,345,806). The payable balance outstanding at 31 December 2012 was £531,914 (2011 £277,505)

GATWICK AIRPORT STORAGE AND HYDRANT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the year ended 31 December 2012**

20. Related party transactions (continued)

The Company made the following payments to related parties in relation to consortium relief

<i>Name of related party</i>	<i>2012</i>	<i>2011</i>
Kuwait Petroleum International Limited	-	119,907
BP International Ltd	-	260,219
Esso Petroleum Company Ltd	-	496,576
KPI Aviation Company (UK) Ltd	-	23,064
Valero Energy Corporation	382,365	-

21. Ultimate controlling party

Gatwick Airport Storage and Hydrant Company Limited is operated as a joint venture by the companies listed in note 20. As such there is no ultimate controlling party.

22. Dividends

Equity – ordinary	2012 £000	2011 £000
Final dividend paid in the year	2,000	3,000
Interim dividend paid in the year	1,500	4,000

A dividend of £3,500,000 (£4,375 per share) was paid in the financial year ended 31 December 2012 (2011 £7,000,000). An interim dividend of £1,000,000 was paid in May 2013.