

GRAMPIAN AVIATION FUELLING SERVICES LIMITED
(Registered No 03716230)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors P Westerman
A W J Mills

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation was £125,000 which, when added to the retained profit brought forward at 1 January 2012 of £240,000 together with total paid interim dividends to ordinary shareholders of £162,000, gives a total retained profit carried forward at 31 December 2012 of £203,000

During the year the company has declared and paid interim dividends of £162,000 (2011: £nil) The directors do not propose the payment of a final dividend

Principal activity and review of the business

The principal activity of the company during the year continued to be that of aircraft refuelling at Aberdeen airport

The key financial and other performance indicators during the year were as follows

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
	£000	£000	%
Turnover	1,087	1,043	4
Operating profit	128	102	25
Profit after taxation	125	93	34
Shareholders' funds	772	809	(5)

Profitability of the business has increased in line with increased activity levels at Aberdeen Airport

Due to the fee-charging structure of the company, profitability may vary due to market conditions

An increase in fee rates contributed to the increase in overall revenues in 2012

Operating profit and profit after taxation have increased due to improved control of operating costs

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GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management at a group level. Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level.

We urge you to consider carefully the risks described below. The potential impact of the occurrence or reoccurrence of any of the risks described below could have a material adverse effect on the company's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda.

Company level risks have been categorised against the following areas: strategic and commercial, compliance and control, safety and operational, and financial risk management. In addition, we have also set out a further category of risk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident).

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on Grampian Aviation Fuelling Services Limited.

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010, there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities. The amount of claims that become payable by the BP group, the amount of fines ultimately levied on the BP group (including any potential determination of the BP group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group.

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts payable by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty. These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase. Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US. The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below. Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Strategic and commercial risks

Prices and markets

Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices. Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources. As a result, increased oil prices may not improve margin performance. In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of the company's oil and natural gas properties. Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs. Rapid material or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate.

Periods of global recession could impact the demand for the company's products, the prices at which they can be sold and affect the viability of the markets in which the company operates.

Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalisation and expropriation.

The global financial and economic situation may have a negative impact on third parties with whom the company does, or may do, business with. In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices.

Compliance and control risks

Regulatory

Due to the Gulf of Mexico oil spill, it is likely that there will be more stringent regulation of the BP group's oil and gas activities in the US and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new drilling areas.

Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards the BP group. New regulations and legislation, the terms of the BP group's settlements with US government authorities and future settlements or litigation outcomes related to the Incident, and/or evolving practices could increase the cost of compliance and may require changes to the company's drilling operations, exploration, development and decommissioning plans, and could impact the company's ability to capitalise on its assets and limit its access to new exploration properties or operatorships. In addition, increases in taxes, royalties and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a response to the Incident.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Regulatory (continued)

In addition, the oil industry in general is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights

Failure to respond to changes in trading regulations could result in regulatory action and damage to the company's reputation. The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or other factors, the company could be required to curtail or cease certain operations, or could incur additional costs.

Ethical misconduct and non-compliance

The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates. The values are intended to guide the way the company and its employees behave and do business. Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of the company's operations.

Liabilities and provisions

The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have, a material adverse impact on the group's business and consequently may also impact the company's business. Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012.

Reporting

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation.

Safety and operational risks

Process safety, personal safety and environmental risks

The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks. The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities. In addition, in many of the company's major projects and operations, risk allocation and management is shared with third parties, such as contractors, sub-contractors, joint venture partners and associates.

There are risks of technical integrity failure as well as risks of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

Process safety, personal safety and environmental risks (continued)

The company's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. These operations are subject to various environmental and safety laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions. Accordingly, inherent in the company's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to the company's reputation or licence to operate.

BP's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls. There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risk or provide the correct mitigations or that all operations will be in conformance with OMS at all times.

Financial risk management

The main financial risks faced by the company through its normal business activities, as well as its use of financial instruments, are market risk and credit risk. The management of these financial risks is performed at BP group level. The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity. This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP group level. The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. The management of such risks is performed at BP group level. The group has a credit policy, approved by the CFO, which is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the group to credit risk is considered. Before trading with a new counterparty can start, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher-risk counterparties is maintained.

Commercial credit risk is measured and controlled to determine the company's total credit risk. Inability to determine adequately the company's credit exposure could lead to financial loss. A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the company. It could also affect the company's ability to raise capital to fund growth and to meet its obligations.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Directors

The present directors are listed on page 1

Changes since 1 January 2012 are as follows

	<u>Appointed</u>	<u>Resigned</u>
A Ibrahim	-	1 April 2012
I C Harrison	-	1 April 2012
P Westerman	1 April 2012	-
A W J Mills	1 April 2012	-

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. A copy of the code of practice may be obtained from the CBI

The number of days' purchases represented by trade creditors at the year-end was 5.

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

REPORT OF THE DIRECTORS

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

26 July 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 the profit or loss for that period. In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GRAMPIAN AVIATION FUELLING SERVICES LIMITED

We have audited the financial statements of Grampian Aviation Fuelling Services Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 17. 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 explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Annual Report and Accounts 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 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.

Ernst & Young LLP

William Testa (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

31 July 2013

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of Grampian Aviation Fuelling Services Limited were approved for issue by the Board of Directors on **20 JUNE** 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement.

Revenue recognition

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

Interest income

Interest income is recognised on an accruals basis.

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within tangible fixed assets.

Tangible assets, with the exception of freehold land and assets under construction, are depreciated on the straight line method over their estimated useful lives.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

ACCOUNTING POLICIES

Maintenance expenditure

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other maintenance costs are expensed as incurred.

Impairment of intangible and tangible fixed assets

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of its recoverable amount. An asset group's recoverable amount is the higher of its net realisable value and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Trade and other debtors

Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other creditors

Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

ACCOUNTING POLICIES

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Environmental liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. Where the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

Discounting

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense, apart from decommissioning provisions where the change is adjusted against the decommissioning asset.

Leases

Assets held under leases which transfer to the company substantially all risks and rewards incidental to ownership of the leased item are classified as finance leases, and are capitalised at inception of the lease at the fair value of the leased property or, if significantly lower, at the estimated present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability. The total finance charge is charged over the lease term so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

All other lease arrangements are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

ACCOUNTING POLICIES

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates

GRAMPIAN AVIATION FUELLING SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2012

		<u>2012</u>	<u>2011</u>
	Note	£000	£000
Turnover	1	1,087	1,043
Cost of sales		<u>(355)</u>	<u>(312)</u>
Gross profit		732	731
Administration expenses		<u>(604)</u>	<u>(629)</u>
Profit on ordinary activities before interest and taxation	2	128	102
Interest payable and similar charges	4	<u>(3)</u>	<u>(5)</u>
Profit before taxation		125	97
Taxation	5	<u>-</u>	<u>(4)</u>
Profit for the year		<u>125</u>	<u>93</u>

The profit of £125,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of £125,000 for the year ended 31 December 2012 (2011 £93,000)

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

(Registered No. 03716230)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	<u>2012</u> £000	<u>2011</u> £000
Fixed assets			
Tangible assets	7	<u>618</u>	<u>653</u>
Current assets			
Debtors	8	150	229
Cash at bank and in hand		<u>201</u>	<u>192</u>
		351	421
Creditors: amounts falling due within one year	9	<u>(78)</u>	<u>(149)</u>
Net current assets		<u>273</u>	<u>272</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		891	925
Provisions for liabilities and charges			
Other provisions	11	(119)	(116)
		<u>772</u>	<u>809</u>
NET ASSETS			
Represented by			
Capital and reserves			
Called up share capital	12	569	569
Profit and loss account	13	203	240
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>772</u>	<u>809</u>

On behalf of the Board


AWJ Mills
Director

26 July 2013

GRAMPIAN AVIATION FUELLING SERVICES LIMITED**NOTES TO THE ACCOUNTS****1. Turnover**

Turnover, which is stated net of value added tax, customs duties and sales taxes represents amounts invoiced to third parties

2. Profit on ordinary activities before interest and taxation

This is stated after charging

	<u>2012</u>	<u>2011</u>
	£000	£000
Management charges	50	53
Depreciation of owned fixed assets	45	45
Operating lease charge	<u>149</u>	<u>167</u>

Management charges represent charges from the shareholders for the reimbursement of costs and expenses related to services provided to Grampian Aviation Fuelling Services Limited

3. Auditor's remuneration

	<u>2012</u>	<u>2011</u>
	£000	£000
Fees for the audit of the company	<u>22</u>	<u>17</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Grampian Aviation Fuelling Services Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

4. Interest payable and similar charges

	<u>2012</u>	<u>2011</u>
	£000	£000
Unwinding of discount on provisions – see note 11	<u>3</u>	<u>5</u>

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS

5. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No UK corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge.

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation

	<u>2012</u>	<u>2011</u>
	£000	£000
Profit before taxation	125	97
Current taxation	-	(4)
Effective current tax rate	0%	4%
	<u>2012</u>	<u>2011</u>
	%	%
UK statutory corporation tax rate	24	26
Increase / (decrease) resulting from:		
Fixed asset timing differences	3	3
Free group relief	(27)	(29)
Adjustments to tax charge in respect of previous years	-	4
Effective current tax rate	<u>-</u>	<u>4</u>

6. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as directors of the company during the financial year

(b) Employee costs

The company had no employees during the year (2011 Nil)

GRAMPIAN AVIATION FUELLING SERVICES LIMITED**NOTES TO THE ACCOUNTS****7. Tangible assets**

	Land & buildings	Plant & machinery	Total
Cost	£000	£000	£000
At 1 January 2012	1,049	45	1,094
Additions	-	10	10
At 31 December 2012	<u>1,049</u>	<u>55</u>	<u>1,104</u>
Depreciation and impairment			
At 1 January 2012	418	23	441
Charge for the year	<u>43</u>	<u>2</u>	<u>45</u>
At 31 December 2012	<u>461</u>	<u>25</u>	<u>486</u>
Net book value			
At 31 December 2012	<u>588</u>	<u>30</u>	<u>618</u>
At 31 December 2011	<u>631</u>	<u>22</u>	<u>653</u>
Principal rates of depreciation	4 0%-4 54%	5 0%-6 25%	

The net book value of land and buildings comprises

	2012	2011
	£000	£000
Short leasehold	<u>588</u>	<u>631</u>

8. Debtors

	2012	2011
	Within 1 year £000	Within 1 year £000
Trade debtors	22	10
Amounts owed by group undertakings	113	177
Other debtors	15	39
Prepayments and accrued income	<u>-</u>	<u>3</u>
	<u>150</u>	<u>229</u>

GRAMPIAN AVIATION FUELLING SERVICES LIMITED**NOTES TO THE ACCOUNTS****9. Creditors**

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	£000	£000
Trade creditors	5	14
Other creditors	73	119
Accruals and deferred income	-	16
	<u>78</u>	<u>149</u>

10. Obligations under leases

Annual commitments under non-cancellable operating leases are set out below

	<u>2012</u>	<u>2011</u>
	Land &	Land &
	buildings	buildings
	£000	£000
Operating leases which expire:		
Within 1 year	-	-
Between 2 to 5 years	-	-
Thereafter	<u>149</u>	<u>167</u>

The rent payable under the operating lease for Aberdeen Airport is reviewed every five years, with the next review set to take place in September 2016. It is expected that this review may lead to a backdated charge for the company.

11. Other provisions

	<u>Environ- mental</u>
	£000
At 1 January 2012	116
Unwinding of discount	3
At 31 December 2012	<u>119</u>

Provisions for environmental remediation are made when a clean-up is probable and the amount reasonably determinable. Generally, this coincides with the commitment to a formal plan of action or, if earlier, on divestment or closure of inactive sites. The provision for environmental liabilities at 31 December 2012 was £119,000 (2011: £116,000). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 3.5% (2011: 3.5%). These costs are expected to be incurred over the next 14 years. The extent and cost of future remediation programmes are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and also the group's share of liability.

The total costs of reinstatement and surface restoration are recognised by the environmental provision, which has been calculated to the period where the operating license is due to expire on 1 July 2026. The provision is based on a third party valuation. The most recent valuation was carried out on 14 February 2012.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED**NOTES TO THE ACCOUNTS****12. Called up share capital**

	<u>2012</u>	<u>2011</u>
	£000	£000
Allotted, called up and fully paid		
379,350 Ordinary shares of £1.50 each for a total nominal value of £569,025	569	569

13. Capital and reserves

	Called up share capital	Profit and loss account	Total
	£000	£000	£000
At 1 January 2012	569	240	809
Profit for the year	-	125	125
Dividends – current year interim paid	-	(162)	(162)
At 31 December 2012	<u>569</u>	<u>203</u>	<u>772</u>

In 2012 the company paid interim ordinary dividends of £161,958 (2011 £Nil) The dividend per share was £0.43 (2011 dividend per share £Nil)

14. Reconciliation of movements in shareholders' funds

	<u>2012</u>	<u>2011</u>
	£000	£000
Profit for the year	125	93
Dividends – current year interim paid	(162)	-
Net (decrease) / increase in shareholders' funds	(37)	93
Shareholders' funds at 1 January	809	716
Shareholders' funds at 31 December	<u>772</u>	<u>809</u>

15. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies. There were no other related party transactions.

16. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge.

GRAMPIAN AVIATION FUELLING SERVICES LIMITED

NOTES TO THE ACCOUNTS

17. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP p l c , a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP p l c can be obtained from 1 St James's Square, London, SW1Y 4PD.