

# Heathrow Hydrant Operating Company Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2012



Company Registration No 02828793

# Heathrow Hydrant Operating Company Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

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

### SECRETARY

Shell Corporate Secretary Limited

### COMPANY NUMBER

02828793 (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 Hydrant Operating Company Limited

## DIRECTORS' REPORT

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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 the operation and management of the jet fuel hydrant system and associated facilities at London Heathrow Airport. The company also performs certain engineering work in connection with the operation of the jet fuel hydrant facilities.

### REVIEW OF THE BUSINESS

The company made a profit after taxation during the year of £1,429,000 (2011: £1,008,000). The directors currently expect the profitability in the coming years to be at or below this level. The company's cash-flow position continues to be sound.

An interim dividend of £214,000 (£107 per £1 share) was paid during the year (2011: £213,000 - £213 per £1 share).

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

There has been a significant amount of engineering work at Heathrow. During the course of the year, the company continued to supervise the fuel hydrant related elements of BAA's on-going stand development programmes in Heathrow East and Terminal Five.

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 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     |  |
| M Murphy     |  |
| 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) |
| P Westerman  | (Appointed 1 April 2012)                               |
| D Stokes     | (Appointed 3 May 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 Hydrant Operating Company Limited


## DIRECTORS' REPORT

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### 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 Hydrant Operating Company Limited

### DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 HYDRANT OPERATING COMPANY LIMITED**

We have audited the financial statements on pages 6 to 16. 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 Hydrant Operating Company Limited**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2012**

|  | <i>Notes</i> | 2012<br>£ 000       | 2011<br>£ 000       |
|--|--------------|---------------------|---------------------|
| TURNOVER   | 1            | 12,341              | 11,122              |
| Cost of sales                                    |              | (6,418)             | (6,080)             |
| Gross profit                                     |              | <u>5,923</u>        | <u>5,042</u>        |
| Other operating expenses                         | 2            | (4,304)             | (3,843)             |
| OPERATING PROFIT                                 |              | <u>1,619</u>        | <u>1,199</u>        |
| Interest receivable                              | 3            | 1                   | 22                  |
| Interest payable                                 | 4            | (23)                | (49)                |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 5            | <u>1,597</u>        | <u>1,172</u>        |
| Taxation   | 7            | (168)               | (164)               |
| PROFIT ON ORDINARY ACTIVITIES<br>AFTER TAXATION  | 15           | <u><u>1,429</u></u> | <u><u>1,008</u></u> |

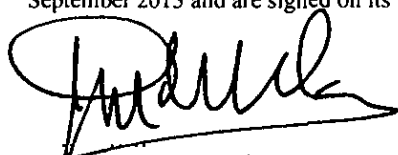
The operating profit for the year arises from the company's continuing operations

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 Hydrant Operating Company Limited**  
**BALANCE SHEET (Company Registration Number 02828793)**  
**31 December 2012**

|  | <i>Notes</i> | 2012<br>£ 000 | 2011<br>£ 000 |
|--|--------------|---------------|---------------|
| <b>FIXED ASSETS</b>                                  |              |               |               |
| Tangible assets                                      | 9            | 3,428         | 3,533         |
| Investments  | 10           | 10            | 10            |
|  |              | <u>3,438</u>  | <u>3,543</u>  |
| <b>CURRENT ASSETS</b>                                |              |               |               |
| Debtors  | 11           | 3,733         | 3,595         |
| Cash at bank and in hand                             |              | 5,763         | 4,582         |
|  |              | <u>9,496</u>  | <u>8,177</u>  |
| <b>CREDITORS</b> Amounts falling due within one year | 12           | (1,478)       | (1,547)       |
| <b>NET CURRENT ASSETS</b>                            |              | <u>8,018</u>  | <u>6,630</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |              | <u>11,456</u> | <u>10,173</u> |
| <b>PROVISIONS FOR LIABILITIES</b>                    | 13           | (3,005)       | (2,937)       |
|  |              | <u>8,451</u>  | <u>7,236</u>  |
| <b>CAPITAL AND RESERVES</b>                          |              |               |               |
| Called up share capital                              | 14           | 2             | 2             |
| Merger reserve                                       | 15           | 9             | 9             |
| Profit and loss account                              | 15           | 8,440         | 7,225         |
| <b>SHAREHOLDERS' FUNDS</b>                           | 16           | <u>8,451</u>  | <u>7,236</u>  |

The financial statements on pages 6 to 16 were approved by the board of directors and authorised for issue on 19 September 2013 and are signed on its behalf by



Director 19<sup>th</sup> Sept 2013



**Heathrow Hydrant Operating Company Limited**  
**CASH FLOW STATEMENT**  
**for the year ended 31 December 2012**

|   | Notes | 2012<br>£ 000 | 2011<br>£ 000 |
|---|-------|---------------|---------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES                                     | 17a   | 1,543         | 2,473         |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE                               |       |               |               |
| Interest received   |       | 1             | 22            |
| Interest paid   |       | (23)          | -             |
| Net cash (outflow)/inflow for returns on investments and servicing of finance |       | (22)          | 22            |
| TAXATION  |       | (4)           | 977           |
| CAPITAL EXPENDITURE   |       |               |               |
| Payments to acquire tangible fixed assets                                     |       | (122)         | (255)         |
| Net cash outflow for capital expenditure                                      |       | (122)         | (255)         |
| EQUITY DIVIDENDS PAID   |       | (214)         | (213)         |
| FINANCING   |       |               |               |
| Repayment of shareholder loans  |       | -             | (299)         |
| INCREASE IN CASH IN THE YEAR  |       | 1,181         | 2,705         |

# Heathrow Hydrant Operating Company Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

The accounts present information about the company as an individual undertaking and not about its group as the company has taken advantage of the exemption provided by Section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that the company's subsidiary should be excluded from consolidation as it is held exclusively with a view to subsequent resale and has not previously been consolidated

### INVESTMENTS

Fixed asset investments are stated at cost less any provision for impairment losses

### 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

|                     |                        |
|---------------------|------------------------|
| Plant and machinery | Between 5 and 20 years |
|---------------------|------------------------|

### 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

### PENSION CONTRIBUTIONS

The company operates a defined contribution scheme. The assets of the scheme are held separately from the assets of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year

### 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

### PROVISIONS

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable it will result in an outflow of economic benefits that can be reliably estimated

# Heathrow Hydrant Operating Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

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#### 1 TURNOVER

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<br>£'000 | 2011<br>£'000 |
|-------------------------|---------------|---------------|
| Administration expenses | 4,304         | 3,843         |

#### 3 INTEREST RECEIVABLE

|                | 2012<br>£'000 | 2011<br>£'000 |
|----------------|---------------|---------------|
| Bank interest  | 1             | 1             |
| Other interest | -             | 21            |
|                | <u>1</u>      | <u>22</u>     |

#### 4 INTEREST PAYABLE AND SIMILAR CHARGES

|                | 2012<br>£'000 | 2011<br>£'000 |
|----------------|---------------|---------------|
| Other interest | 23            | 49            |

#### 5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

|  | 2012<br>£'000 | 2011<br>£'000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation is stated after charging |               |               |
| Depreciation of tangible assets  |               |               |
| - owned assets   | 227           | 215           |
| Operating lease rentals  |               |               |
| - land and buildings   | 6,418         | 6,080         |
| - vehicle leases   | 47            | 42            |
| Auditor's remuneration for statutory audit                             | 11            | 12            |

#### 6 EMPLOYEES

|   | 2012<br>No | 2011<br>No |
|---|------------|------------|
| The average monthly number of persons (excluding directors) employed by the company during the year was | 23         | 24         |

# Heathrow Hydrant Operating Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

#### 6 EMPLOYEES (Continued)

|                                   | 2012<br>£ 000 | 2011<br>£ 000 |
|-----------------------------------|---------------|---------------|
| Staff costs for the above persons |               |               |
| Wages and salaries                | 1,158         | 912           |
| Social security costs             | 16            | 101           |
| Other pension costs               | 97            | 65            |
|                                   | <u>1,271</u>  | <u>1,078</u>  |

The directors received no remuneration (2011 £Nil) from the company, as they are senior executives of, and are remunerated by, the shareholders

#### 7 TAXATION

|  | 2012<br>£ 000 | 2011<br>£ 000 |
|--|---------------|---------------|
| Current tax  |               |               |
| UK Corporation tax   | -             | -             |
| Adjustment for prior periods   |               |               |
| Corporation tax adjustment   | -             | (49)          |
| Current tax credit   | <u>-</u>      | <u>(49)</u>   |
| Deferred tax   |               |               |
| Origination and reversal of timing differences   | 391           | 409           |
| Adjustment to previous periods   | 13            | (39)          |
| Effects of changes in tax rates  | (236)         | (157)         |
| Deferred tax charge  | <u>168</u>    | <u>213</u>    |
| Total tax on profit on ordinary activities   | <u>168</u>    | <u>164</u>    |
| Factors affecting tax charge for the period  |               |               |
| Profit on ordinary activities before taxation  | <u>1,597</u>  | <u>1,172</u>  |
| Profit on ordinary activities before taxation multiplied by<br>standard rate of UK corporation tax of 24% (2011 26%) | <u>383</u>    | <u>305</u>    |
| Effects of   |               |               |
| Non deductible expenses  | 8             | 123           |
| Capital allowances in excess of depreciation   | (518)         | (819)         |
| Adjustment for prior periods   | -             | (49)          |
| Losses carried forward   | 127           | 391           |
|  | <u>(383)</u>  | <u>(354)</u>  |
| Current tax credit   | <u>-</u>      | <u>(49)</u>   |

#### 8 DIVIDENDS

|   | 2012<br>£ 000 | 2011<br>£ 000 |
|---|---------------|---------------|
| Ordinary                                  |               |               |
| Interim paid - £107 per share (2011 £213) | <u>214</u>    | <u>213</u>    |

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

# Heathrow Hydrant Operating Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

#### 9 TANGIBLE FIXED ASSETS

|                     | <i>Plant and<br/>machinery<br/>£ 000</i> |
|---------------------|--|
| Cost                |  |
| 1 January 2012      | 4,221                                    |
| Additions           | 122                                      |
| 31 December 2012    | <u>4,343</u>                             |
| Depreciation        |  |
| 1 January 2012      | 688                                      |
| Charge for the year | 227                                      |
| 31 December 2012    | <u>915</u>                               |
| Net book value      |  |
| 31 December 2012    | <u>3,428</u>                             |
| 31 December 2011    | <u>3,533</u>                             |

At 31 December 2012 the company had committed to, but not provided for, further capital expenditure of £353,038 (2011 £109,703)

#### 10 INVESTMENTS

|  | <i>Shares in<br/>subsidiary<br/>undertaking<br/>£ 000</i> |
|--|---|
| Cost and net book value 1 January 2012 and at 31 December 2012 | <u>10</u>   |

The company holds a 100% interest in the ordinary share capital of the following company

| <b>Name of company</b>           | <b>Country of<br/>incorporation</b> | <b>Nature of<br/>business</b> |
|----------------------------------|-------------------------------------|-------------------------------|
| Heathrow Hydrant Company Limited | UK                                  | Non-trading                   |

The company's 100% interest in Heathrow Hydrant Company Limited is categorised as an investment and is not consolidated into group financial statements. Control of the company is intended to be only temporary due to plans to wind up the investment in 2014.

The aggregate amount of capital and reserves and the result of the subsidiary undertaking for the year ended 31 December 2012 were as follows

|                                  | <b>Capital and<br/>reserves<br/>£'000</b> | <b>Profit for<br/>the year<br/>£ 000</b> |
|----------------------------------|---|--|
| Heathrow Hydrant Company Limited | <u>1,509</u>                              | <u>10</u>                                |

**Heathrow Hydrant Operating Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2012**

|    |                                |              |              |
|----|--------------------------------|--------------|--------------|
| 11 | DEBTORS                        | 2012         | 2011         |
|    |                                | £ 000        | £ 000        |
|    | Due within one year            |              |              |
|    | Trade debtors                  | 813          | 886          |
|    | Corporation tax                | 34           | 30           |
|    | Other debtors                  | 25           | 52           |
|    | Prepayments and accrued income | 2,861        | 2,627        |
|    |                                | <u>3,733</u> | <u>3,595</u> |

|    |  |              |              |
|----|--|--------------|--------------|
| 12 | CREDITORS                              | 2012         | 2011         |
|    |  | £ 000        | £ 000        |
|    | Amounts falling due within one year    |              |              |
|    | Trade creditors                        | 248          | 204          |
|    | Amounts owed to subsidiary undertaking | 951          | 951          |
|    | Accruals and deferred income           | 279          | 392          |
|    |  | <u>1,478</u> | <u>1,547</u> |

|    |                                       |                  |                 |              |
|----|---------------------------------------|------------------|-----------------|--------------|
| 13 | PROVISIONS FOR LIABILITIES            |                  |                 |              |
|    |                                       | <i>SDLT</i>      | <i>Deferred</i> | <i>Total</i> |
|    |                                       | <i>Provision</i> | <i>Taxation</i> |              |
|    |                                       | £ 000            | £'000           | £ 000        |
|    | Balance at 1 January 2012             | 600              | 2,337           | 2,937        |
|    | Transfer from profit and loss account | (100)            | 168             | 68           |
|    | Balance at 31 December 2012           | <u>500</u>       | <u>2,505</u>    | <u>3,005</u> |

The total estimated costs in connection with unpaid Stamp Duty Land Tax (SDLT) arising on supplemental leases put in place on Heathrow Terminal Five hydrant sections are recognised in the SDLT provision. The amount provided represents the settlement amounts agreed with HMRC subsequent to the year end.

Deferred taxation provided in the financial statements is as follows

|  |              |              |
|--|--------------|--------------|
|  | 2012         | 2011         |
|  | £ 000        | £'000        |
| Excess of tax allowances over depreciation | 4,521        | 4,387        |
| Losses carried forward                     | (2,016)      | (2,050)      |
|  | <u>2,505</u> | <u>2,337</u> |

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.

# Heathrow Hydrant Operating Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

|   |   |                                    |   |
|---|---|------------------------------------|---|
| 14  | SHARE CAPITAL   | 2012<br>£ 000                      | 2011<br>£ 000                               |
|   | Allotted, issued and fully paid<br>2,000 (2011: 2,000) Ordinary shares of £1 each | 2                                  | 2   |
| 15  | STATEMENT OF MOVEMENT ON RESERVES   |                                    |   |
|   |   | <i>Merger<br/>reserve</i><br>£'000 | <i>Profit and<br/>loss account</i><br>£ 000 |
|   | 1 January 2012  | 9                                  | 7,225                                       |
|   | Profit for the financial year   | -                                  | 1,429                                       |
|   | Dividends   | -                                  | (214)                                       |
|   | 31 December 2012  | 9                                  | 8,440                                       |
| The merger reserve was created in accordance with Section 612 to 615 of the Companies Act 2006 following the acquisition of the subsidiary undertaking by way of a share for share exchange transaction in 2011 |   |                                    |   |
| 16  | RECONCILIATION OF MOVEMENTS IN<br>SHAREHOLDERS' FUNDS                             | 2012<br>£ 000                      | 2011<br>£'000                               |
|   | Profit for the financial year   | 1,429                              | 1,008                                       |
|   | Dividends   | (214)                              | (213)                                       |
|   | Shares issued   | -                                  | 1   |
|   | Merger reserve  | -                                  | 9   |
|   | Net addition to shareholders' funds   | 1,215                              | 805   |
|   | Opening shareholders' funds   | 7,236                              | 6,431                                       |
|   | Closing shareholders' funds   | 8,451                              | 7,236                                       |
| 17  | CASH FLOWS  |                                    |   |
| a   | Reconciliation of operating profit to net cash flow<br>from operating activities  | 2012<br>£ 000                      | 2011<br>£ 000                               |
|   | Operating profit  | 1,619                              | 1,199                                       |
|   | Depreciation of tangible assets   | 227                                | 215   |
|   | (Increase)/decrease in debtors  | (134)                              | 797   |
|   | (Decrease)/increase in creditors  | (69)                               | 53  |
|   | (Decrease)/increase in provisions   | (100)                              | 209   |
|   | Net cash inflow from operating activities   | 1,543                              | 2,473                                       |

# Heathrow Hydrant Operating Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

#### 17 CASH FLOWS

##### b Analysis of changes in net debt

|                          | 1 January<br>2012<br>£'000 | Cash flow<br>£ 000 | Other non-<br>cash changes<br>£ 000 | 31 December<br>2012<br>£ 000 |
|--------------------------|----------------------------|--------------------|-------------------------------------|------------------------------|
| Net cash                 |                            |                    |                                     |                              |
| Cash at bank and in hand | 4,582                      | 1,181              | -                                   | 5,763                        |
|                          | <u>4,582</u>               | <u>1,181</u>       | <u>-</u>                            | <u>5,763</u>                 |

##### c Reconciliation of net cash flow to movement in net 'debt'

|                                   | 2012<br>£'000 | 2011<br>£'000 |
|-----------------------------------|---------------|---------------|
| Increase in cash in the year      | 1,181         | 2,705         |
| Cash inflow from decrease in debt | -             | 299           |
| Movement in net funds in the year | <u>1,181</u>  | <u>3,004</u>  |
| Opening net funds                 | 4,582         | 1,578         |
| Closing net funds                 | <u>5,763</u>  | <u>4,582</u>  |

#### 18 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

|  | 2012<br>£ 000 | 2011<br>£ 000 |
|--|---------------|---------------|
| Land and buildings                     |               |               |
| - expiring after 5 years               | 6,233         | 6,057         |
| Vehicle leases                         |               |               |
| - expiring in the first year           | 13            | 3             |
| - expiring in the second to fifth year | 24            | 23            |
|  | <u>6,270</u>  | <u>6,083</u>  |

#### 19 PENSION COMMITMENTS

|   | 2012<br>£ 000 | 2011<br>£ 000 |
|---|---------------|---------------|
| Contributions payable by the company for the year | <u>97</u>     | <u>65</u>     |

#### 20 CONTROL

The company has no single controlling party as it is a joint venture vehicle



# Heathrow Hydrant Operating Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

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#### 21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 Related Party Disclosures and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group

All of the turnover of the company relates to the sale of goods and services to its shareholders

The company provides management services and recharges certain costs to Heathrow Airport Fuel Company Limited (HAFCO), a related party by virtue of common shareholders and common directors. During the year the company received £663,234 (2011: £821,692) from HAFCO. The company was owed £78,098 (2011: £Nil) by HAFCO at the balance sheet date, which is included in other debtors.