

Registered number: 08655019

HARVEST ENERGY AVIATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

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HARVEST ENERGY AVIATION LIMITED

COMPANY INFORMATION

Directors	Mr Winston Sanjeev Kumar Soosaipillai Mr Don Camillo Emilio Borneo (resigned 29 May 2022)
Company secretary	Elemental CoSec Limited
Registered number	08655019
Registered office	Harvest House Horizon Business Village 1 Brooklands Road Weybridge Surrey KT13 0TJ
Independent auditor	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT
Banker	HSBC Plc Canary Wharf London E14 5HQ
Solicitor	Linklaters LLP London EC2Y 8HQ

HARVEST ENERGY AVIATION LIMITED

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HARVEST ENERGY AVIATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors present their report for the year ended 28 February 2022.

Principal activity

The principal activity of the company during the year was the sale of Avgas and Jet A1 to airports and General Aviation (GA) airfields.

Directors

The directors who served during the year were:

Mr Winston Sanjeev Kumar Soosaipillai
Mr Don Camillo Emilio Borneo (resigned 29 May 2022)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



Mr Winston Sanjeev Kumar Soosaipillai
Director

Date: 6 October 2022

Harvest House
Horizon Business Village
1 Brooklands Road
Weybridge
Surrey
KT13 0TJ

HARVEST ENERGY AVIATION LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the company complies with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARVEST ENERGY AVIATION LIMITED

We have audited the financial statements of Harvest Energy Aviation Limited ("the Company") for the year ended 28 February 2022 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management, and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARVEST ENERGY AVIATION LIMITED

On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is made up of large volumes of low value transactions, with little judgement or complexity involved and there is limited pressure on management to achieve unexpected or unrealistic revenue targets.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and post close entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations with cash and material post close entries.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARVEST ENERGY AVIATION LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

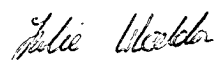
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Julie Wheeldon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
7 October 2022

HARVEST ENERGY AVIATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 \$	2021 \$
Turnover	4	34,000,547	4,972,081
Cost of sales		(32,018,010)	(4,462,937)
Gross profit		<u>1,982,537</u>	<u>509,144</u>
Administrative expenses		(287,873)	(323,005)
Other operating income	5	28,014	-
Operating profit		<u>1,722,678</u>	<u>186,139</u>
Interest receivable and similar income	6	20,058	-
Profit before tax	7	<u>1,742,736</u>	<u>186,139</u>
Tax on profit	10	(175)	523
Profit for the financial year		<u><u>1,742,561</u></u>	<u><u>186,662</u></u>

The notes on pages 10 to 20 form part of these financial statements.

HARVEST ENERGY AVIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	2022 \$	2021 \$
Profit for the financial year	1,742,561	186,662
Other comprehensive income:		
Currency translation differences	(84,434)	38,998
Total comprehensive income for the year	<u><u>1,658,127</u></u>	<u><u>225,660</u></u>

The notes on pages 10 to 20 form part of these financial statements.

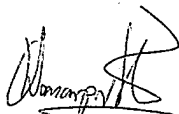
HARVEST ENERGY AVIATION LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2022

	Note	2022 \$	2021 \$
Fixed assets			
Tangible assets	11	-	-
Current assets			
Debtors: amounts falling due within one year	12	3,291,434	1,171,399
Cash at bank and in hand	13	315,407	286,636
		<u>3,606,841</u>	<u>1,458,035</u>
Creditors: amounts falling due within one year	14	(815,224)	(324,545)
Net current assets		<u>2,791,617</u>	<u>1,133,490</u>
Total assets less current liabilities		<u>2,791,617</u>	<u>1,133,490</u>
Net assets		<u><u>2,791,617</u></u>	<u><u>1,133,490</u></u>
Capital and reserves			
Called up share capital	16	77,384	77,384
Foreign exchange reserve		79,521	163,955
Profit and loss account		2,634,712	892,151
		<u><u>2,791,617</u></u>	<u><u>1,133,490</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 October 2022.



Mr Winston Sanjeev Kumar Soosaipillai
Director

The notes on pages 10 to 20 form part of these financial statements.

HARVEST ENERGY AVIATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 March 2020	77,384	124,957	705,489	907,830
Comprehensive income for the year				
Profit for the year	-	-	186,662	186,662
Currency translation differences	-	38,998	-	38,998
Total comprehensive income for the year	-	38,998	186,662	225,660
At 1 March 2021	77,384	163,955	892,151	1,133,490
Comprehensive income for the year				
Profit for the year	-	-	1,742,561	1,742,561
Currency translation differences	-	(84,434)	-	(84,434)
Total comprehensive income for the year	-	(84,434)	1,742,561	1,658,127
At 28 February 2022	<u>77,384</u>	<u>79,521</u>	<u>2,634,712</u>	<u>2,791,617</u>

The notes on pages 10 to 20 form part of these financial statements.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

1. General information

Harvest Energy Aviation Limited is a limited liability company incorporated in England and Wales. The registered office is Harvest House, Horizons Business Village, 1 Brooklands Road, Weybridge, KT13 0TJ. The principal place of business is York House, 45 Seymour Street, London W1H 7JT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company's functional currency is British Pounds ("GBP").

The company's financial statements are presented in United States Dollar ("USD"), denoted by the symbol \$. Results of the operations based in non-USD functional currency have been translated into USD at average rates for the year, and the related balance sheet has been translated at the rates of exchange ruling at the balance sheet date.

The Company's ultimate parent undertaking, State oil Limited includes the Company in its consolidated financial statements. The consolidated financial statements of State Oil Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Harvest House, Horizons Business Village, 1 Brooklands Road, Weybridge, KT13 0TJ.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- Cash Flow Statements and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliation's for share capital and tangible fixed assets;
- the effect of new but not effective IFRSs;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures in respect of transactions with wholly owned subsidiaries
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- Certain disclosures regarding leases;
- Disclosures in respect of capital management;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of State Oil Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2.3 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company is part of a Group whose customers operate in a wide range of different sectors. The Group has prepared detailed base forecasts and downside scenarios to stress test, taking into account, key uncertainties and risks that could impact Group's financial performance. Stress testing specifically focused on impact on volume demand and product margins arising from potential COVID-19 lockdowns, fuel supply interruptions and market volatility. The Group's liquidity remained strong and continued to comply with the financial covenants during the forecast period to 31 December 2023 under both base and downside scenarios.

The directors have prepared financial forecasts including cashflow forecasts for the Company for the period to 31 December 2023 which include reasonably possible downside scenarios arising from the continuing effects of COVID-19 and the supply chain disruption and inflationary pressures generated by Russia's invasion of Ukraine. Having carried out extensive analysis and assessment of various risks on the business, the directors are satisfied that the Company will have sufficient funds, through funding from its ultimate parent Company, State Oil Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on State Oil Limited providing additional financial support during that period. State Oil Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due and continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore have been prepared on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.6 Debtors

Short-term debtors are measured at transaction price, less any expected credit losses. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.10 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

Trade receivables

Management estimates the recoverable amount of trade receivables, taking into account the most reliable evidence at each reporting date and making a provision for any expected credit losses.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 \$	2021 \$
Sale of Avgas and Jet A1	34,000,547	4,972,081
	<u>34,000,547</u>	<u>4,972,081</u>

Analysis of turnover by country of destination:

	2022 \$	2021 \$
United Kingdom	34,000,547	4,809,262
Rest of the world	-	162,819
	<u>34,000,547</u>	<u>4,972,081</u>

5. Other operating income

	2022 \$	2021 \$
Sundry income	28,014	-
	<u>28,014</u>	<u>-</u>

6. Interest receivable and similar income

	2022 \$	2021 \$
Interest receivable from external parties	20,058	-

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

7. Operating profit

The operating profit is stated after charging:

	2022 \$	2021 \$
Depreciation of tangible fixed assets	<u>-</u>	<u>3,115</u>

8. Auditors' remuneration

	2022 \$	2021 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>27,287</u>	<u>27,683</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

9. Employees

The Company has no employees other than the directors.

Directors' emoluments are borne by the parent company. The proportion of Directors' emoluments attributable to this company are \$93,000 (2021 - \$27,366)

10. Taxation

	2022 \$	2021 \$
Corporation tax		
Current tax on profits for the year	280	-
Total current tax	<u>280</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	121	(523)
Changes to tax rates	(226)	-
Total deferred tax	<u>(105)</u>	<u>(523)</u>
Taxation on profit on ordinary activities	<u>175</u>	<u>(523)</u>

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 \$	2021 \$
Profit on ordinary activities before tax	<u>1,742,736</u>	<u>186,139</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	331,120	35,366
Effects of:		
Expenses not deductible for tax purposes	-	7
Adjustments to tax charge in respect of prior periods	279	-
Remeasurement of deferred tax for change in tax rates	(198)	(22)
Group relief claimed	(331,026)	(26,759)
Impact of currency translation	-	(9,115)
Total tax charge/(credit) for the year	<u>175</u>	<u>(523)</u>

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the Covid 19 pandemic. These included an increase to the UKs main corporation tax rate from 19% to 25% which is due to be effective from 1 April 2023. This new law was substantially enacted on 24 May 2021 and received royal assent on 10 June 2021, therefore the deferred tax balances have been remeasured at 25% with an adjustment recognized in the remeasurement of the opening deferred tax balance.

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

11. Tangible fixed assets

	Plant and machinery \$
Cost of valuation	
At 1 March 2021	<u>22,719</u>
At 28 February 2022	<u>22,719</u>
Depreciation	
At 1 March 2021	<u>22,719</u>
At 28 February 2022	<u>22,719</u>
Net book value	
At 1 March 2021	<u>-</u>
At 28 February 2022	<u>-</u>

12. Debtors

	2022 \$	2021 \$
Trade debtors	458,851	84,814
Amounts owed by group undertakings	2,694,826	1,003,388
Other debtors	136,955	33,092
Prepayments and accrued income	-	49,377
Deferred taxation	802	728
	<u>3,291,434</u>	<u>1,171,399</u>

HARVEST ENERGY AVIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

13. Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and in hand	315,407	286,636
	<u>315,407</u>	<u>286,636</u>

14. Creditors: Amounts falling due within one year

	2022 \$	2021 \$
Trade creditors	518,046	142,834
Amounts owed to group undertakings	221,295	-
Corporation tax	-	-
Other taxation	-	106,864
Accruals and deferred income	75,883	74,847
	<u>815,224</u>	<u>324,545</u>

HARVEST ENERGY AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

15. Deferred taxation

	2022 \$
At the beginning of the year	728
Charged to profit or loss	105
Foreign exchange	(31)
	<u>802</u>

The deferred tax asset is made up as follows:

	2022 \$	2021 \$
Fixed asset temporary differences	1,319	1,274
Short term temporary differences	(517)	(546)
	<u>802</u>	<u>728</u>

16. Share capital

	2022 \$	2021 \$
Allotted, called up and fully paid		
51,000 (2021 - 51,000) Ordinary share capital shares of £1.00 each	<u>77,384</u>	<u>77,384</u>

17. Controlling party

The company's immediate parent undertaking is Harvest Energy Group Limited, a company registered in England and Wales. The company's ultimate parent undertaking is State Oil Limited, a company registered in England and Wales. The largest and smallest group for which consolidated financial statements have been prepared is that headed by State Oil Limited. Consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.