

Registration number: 02774189

**GLOUCESTERSHIRE AIRPORT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



## **GLOUCESTERSHIRE AIRPORT LIMITED**

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## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **COMPANY INFORMATION**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | D P Melvin   |
|                          | M I Morton   |
|                          | A G N Tighe  |
|                          | P J Hibberd  |
|                          | J Bennett  |
|                          | K E Taylor   |
|                          | R L Whyborn  |
| <b>Registered office</b> | Terminal Building<br>Gloucestershire Airport<br>Staverton<br>Cheltenham<br>Gloucestershire<br>GL51 6SR |
| <b>Auditors</b>          | Hazlewoods LLP<br>Staverton Court<br>Staverton<br>Cheltenham<br>GL51 0UX                               |

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

#### **Directors of the company**

The directors who held office during the year were as follows:

M Ryan (resigned 30 June 2020)

E S J Carter (resigned 28 February 2020)

D P Melvin

M I Morton

A G N Tighe

P J Hibberd

J Bennett

J A Head (resigned 1 October 2020)

K E Taylor

R L Whybom

#### **Principal activity**

The principal activity of the company is that of the operation of Gloucestershire Airport and the management of its properties.

#### **Disclosure of information to the auditors**

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

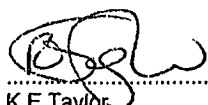
#### **Reappointment of auditors**

Hazlewoods LLP have expressed their willingness to continue in office.

#### **Small companies provision statement**

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 3/11/20 and signed on its behalf by:



K E Taylor  
Director

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors acknowledge their responsibilities for preparing the Annual 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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOUCESTERSHIRE AIRPORT LIMITED**

#### **Opinion**

We have audited the financial statements of Gloucestershire Airport Limited (the 'company') for the year ended 31 March 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter**

We draw attention to Note 7 of the financial statements, which describes the 'material valuation uncertainty' basis issued by the valuer in respect of their investment property valuations at 31 March 2020. Our opinion is not modified in respect of this matter.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOUCESTERSHIRE AIRPORT LIMITED**

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.



David Williams (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court  
Staverton  
Cheltenham  
GL51 0UX

Date: 6/11/2020

**GLOUCESTERSHIRE AIRPORT LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020**

|  | Note | 2020<br>£          | 2019<br>£          |
|--|------|--------------------|--------------------|
| Turnover                                     |      | 4,730,386          | 4,895,863          |
| Cost of sales                                |      | <u>(3,289,917)</u> | <u>(3,614,015)</u> |
| Gross profit                                 |      | 1,440,469          | 1,281,848          |
| Administrative expenses                      |      | (1,639,253)        | (1,172,164)        |
| Fair value movement on investment properties |      | <u>1,421,500</u>   | <u>112,820</u>     |
| Operating profit                             |      | 1,222,716          | 222,504            |
| Other interest receivable and similar income |      | 360                | 247                |
| Interest payable and similar charges         |      | <u>(86,651)</u>    | <u>(83,249)</u>    |
| Profit before tax                            | 4    | 1,136,425          | 139,502            |
| Taxation                                     | 5    | <u>(726,126)</u>   | <u>(96,909)</u>    |
| Profit for the financial year                |      | <u>410,299</u>     | <u>42,593</u>      |

The above results were derived from continuing operations.



**GLOUCESTERSHIRE AIRPORT LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020**

|   | Note | 2020<br>£             | 2019<br>£               |
|---|------|-----------------------|-------------------------|
| Profit for the year   |      | <u>410,299</u>        | <u>42,593</u>           |
| Remeasurement gain/loss on defined benefit pension schemes                | 11   | 337,000               | (279,000)               |
| Deferred tax on remeasurement gain/loss on defined benefit pension scheme |      | (64,030)              | 760                     |
| Current tax deductions allocated to actuarial losses                      |      | <u>-</u>              | <u>53,770</u>           |
|   |      | <u>272,970</u>        | <u>(224,470)</u>        |
| Total comprehensive (loss)/income for the year                            |      | <u><u>683,269</u></u> | <u><u>(181,877)</u></u> |

The notes on pages 10 to 19 form an integral part of these financial statements.


**GLOUCESTERSHIRE AIRPORT LIMITED**

**(REGISTRATION NUMBER: 02774189)  
BALANCE SHEET AS AT 31 MARCH 2020**

|   | Note | 2020<br>£          | 2019<br>£          |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                     |      |                    |                    |
| Tangible assets   | 6    | 18,609,002         | 19,035,546         |
| Investment property                                     | 7    | <u>16,141,500</u>  | <u>14,720,000</u>  |
|   |      | <u>34,750,502</u>  | <u>33,755,546</u>  |
| <b>Current assets</b>                                   |      |                    |                    |
| Stocks  |      | 75,197             | 58,649             |
| Debtors   | 8    | 478,092            | 559,588            |
| Cash at bank and in hand                                |      | <u>266,635</u>     | <u>247,089</u>     |
|   |      | 819,924            | 865,326            |
| Creditors: Amounts falling due within one year          | 9    | <u>(2,465,656)</u> | <u>(1,881,703)</u> |
| Net current liabilities                                 |      | <u>(1,645,732)</u> | <u>(1,016,377)</u> |
| Total assets less current liabilities                   |      | 33,104,770         | 32,739,169         |
| Creditors: Amounts falling due after more than one year | 9    | (1,406,593)        | (1,899,417)        |
| Net defined benefit pension scheme deficit              | 11   | (1,326,000)        | (1,941,000)        |
| Deferred tax liabilities                                | 5    | <u>(5,171,707)</u> | <u>(4,381,551)</u> |
| Net assets  |      | <u>25,200,470</u>  | <u>24,517,201</u>  |
| <b>Capital and reserves</b>                             |      |                    |                    |
| Called up share capital                                 |      | 870,442            | 870,442            |
| Profit and loss account                                 |      | <u>24,330,028</u>  | <u>23,646,759</u>  |
| Total equity  |      | <u>25,200,470</u>  | <u>24,517,201</u>  |

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 5/11/20 and signed on its behalf by:

  
K E Taylor  
Director

The notes on pages 10 to 19 form an integral part of these financial statements.

**GLOUCESTERSHIRE AIRPORT LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

|                            | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£ |
|----------------------------|--------------------|---------------------------------|------------|
| At 1 April 2019            | 870,442            | 23,646,759                      | 24,517,201 |
| Profit for the year        | -                  | 410,299                         | 410,299    |
| Other comprehensive income | -                  | 272,970                         | 272,970    |
| Total comprehensive income | -                  | 683,269                         | 683,269    |
| At 31 March 2020           | 870,442            | 24,330,028                      | 25,200,470 |

|                            | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£ |
|----------------------------|--------------------|---------------------------------|------------|
| At 1 April 2018            | 870,442            | 23,828,636                      | 24,699,078 |
| Profit for the year        | -                  | 42,593                          | 42,593     |
| Other comprehensive income | -                  | (224,470)                       | (224,470)  |
| Total comprehensive income | -                  | (181,877)                       | (181,877)  |
| At 31 March 2019           | 870,442            | 23,646,759                      | 24,517,201 |

Within the total value of profit and loss account reserves is £23,694,017 (2019 - £23,228,561) of undistributable reserves.

The notes on pages 10 to 19 form an integral part of these financial statements.

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **1 General Information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Terminal Building  
Gloucestershire Airport  
Staverton  
Cheltenham  
Gloucestershire  
GL51 6SR

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is UK £, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £.

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Going concern**

The directors have prepared forecast information which takes into account the current COVID-19 pandemic and its potential impact on the business. That forecast information indicates that the company will remain within its facilities for investment and working capital provided by its shareholders, Cheltenham Borough Council and Gloucester City Council, who have confirmed financial support for a period of at least 12 months from the date of approval of these financial statements. On this basis, the directors therefore have reasonable expectation that the company has adequate resources going forward and have continued to adopt a going concern basis in preparing the financial statements. As with a number of businesses, however, it is difficult to accurately forecast the effect that COVID-19 will have on the company in the next 12 months.

##### **Judgements**

No significant judgements have been made by management in preparing these financial statements.

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **2 Accounting policies (continued)**

##### ***Key sources of estimation uncertainty***

###### **Valuation of investment properties:**

Determining the valuation of investment properties included in the balance sheet requires estimation derived from the current market prices for comparable real estate determined by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

###### **Net pension liability:**

Determining the value of the pension provisions included in the balance sheet requires estimation of a number of factors. These are set out in detail in note 11 to the financial statements.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits can be reliably measured, and it is probable that future economic benefits will flow to the entity.

Rental income from investment properties, including those on operating leases (net of any incentives given to the lessees), is recognised on a straight-line basis over the lease term.

##### **Government grants**

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

##### **Tax**

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **2 Accounting policies (continued)**

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, except for freehold land and assets under construction, less any estimated residual value, over their expected useful economic life as follows

| <b>Asset class</b>      | <b>Depreciation method and rate</b> |
|-------------------------|-------------------------------------|
| Long leasehold land     | Over the term of the lease          |
| Long leasehold property | 2% per annum of cost                |
| Plant and machinery     | 4% - 20% per annum of cost          |

##### **Investment property**

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

##### **Trade debtors**

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Leases**

Rental payments under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

## **GLOUCESTERSHIRE AIRPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

###### **Classification**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, loans from related parties and investments in non-puttable ordinary shares.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

###### **Recognition and measurement**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between assets carrying value and the present value of estimated cash flows discounted at the assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between assets carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

###### **Impairment**

At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

###### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

###### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

# GLOUCESTERSHIRE AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2 Accounting policies (continued)

#### Defined benefit pension obligation

or defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit cost method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

### 3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was as follows:

|                             | 2020<br>No. | 2019<br>No. |
|-----------------------------|-------------|-------------|
| Average number of employees | 44          | 46          |

### 4 Profit before tax

Arrived at after charging/(crediting):

|  | 2020<br>£   | 2019<br>£ |
|--|-------------|-----------|
| Depreciation expense                         | 459,759     | 433,400   |
| Fair value movement on investment properties | (1,421,500) | (112,820) |
| Government grants                            | (11,000)    | (11,000)  |

### 5 Taxation

Tax charged/(credited) in the profit and loss account

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| <b>Current taxation</b>                                     |           |           |
| UK corporation tax adjustment to prior periods              | -         | (1,641)   |
| <b>Deferred taxation</b>                                    |           |           |
| Arising from origination and reversal of timing differences | 726,126   | 98,550    |
| Tax expense in the profit and loss account                  | 726,126   | 96,909    |



# **GLOUCESTERSHIRE AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

### **5 Taxation (continued)**

#### **Deferred tax**

#### Deferred tax assets and liabilities

|   | <b>Liability<br/>£</b> |
|---|------------------------|
| <b>2020</b>   |                        |
| Fair value of investment property   | 2,909,079              |
| Revaluation of property   | 2,544,907              |
| Difference between accumulated depreciation and amortisation and capital allowances | 46,731                 |
| Other timing differences  | (77,070)               |
| Arising in relation to retirement benefit obligations                               | (251,940)              |
|   | <u>5,171,707</u>       |

|   | <b>Liability<br/>£</b> |
|---|------------------------|
| <b>2019</b>   |                        |
| Fair value of investment property   | 2,384,886              |
| Revaluation of property   | 2,313,314              |
| Difference between accumulated depreciation and amortisation and capital allowances | 83,627                 |
| Other timing differences  | (70,306)               |
| Arising in relation to retirement benefit obligations                               | (329,970)              |
|   | <u>4,381,551</u>       |

### **6 Tangible assets**

|                        | <b>Long<br/>leasehold<br/>property<br/>£</b> | <b>Freehold<br/>property<br/>£</b> | <b>Plant and<br/>machinery<br/>£</b> | <b>Total<br/>£</b> |
|------------------------|--|------------------------------------|--------------------------------------|--------------------|
| <b>Cost</b>            |  |                                    |                                      |                    |
| At 1 April 2019        | 19,027,555                                   | 42,500                             | 3,343,922                            | 22,413,977         |
| Additions              | 403  | -                                  | 32,812                               | 33,215             |
| At 31 March 2020       | <u>19,027,958</u>                            | <u>42,500</u>                      | <u>3,376,734</u>                     | <u>22,447,192</u>  |
| <b>Depreciation</b>    |  |                                    |                                      |                    |
| At 1 April 2019        | 1,160,377                                    | -                                  | 2,218,054                            | 3,378,431          |
| Charge for the year    | 301,556                                      | -                                  | 158,203                              | 459,759            |
| At 31 March 2020       | <u>1,461,933</u>                             | <u>-</u>                           | <u>2,376,257</u>                     | <u>3,838,190</u>   |
| <b>Carrying amount</b> |  |                                    |                                      |                    |
| At 31 March 2020       | <u>17,566,025</u>                            | <u>42,500</u>                      | <u>1,000,477</u>                     | <u>18,609,002</u>  |
| At 31 March 2019       | <u>17,867,178</u>                            | <u>42,500</u>                      | <u>1,125,868</u>                     | <u>19,035,546</u>  |

# GLOUCESTERSHIRE AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 7 Investment properties

|                        | 2020<br>£         |
|------------------------|-------------------|
| At 1 April             | 14,720,000        |
| Fair value adjustments | <u>1,421,500</u>  |
| At 31 March            | <u>16,141,500</u> |

These properties were valued by Andrew Capes FRICS and Ben Lovell MRICS on behalf of Avison Young Limited at 31 March 2020. Due to the novel Coronavirus (COVID-19) the valuation has been reported on the basis of a material valuation uncertainty as per VPS 3 and VPGA 10 of the RICS Valuation - Global Standards effective from 31 January 2020. The carrying value at historical cost of these properties amounts to £401,000 net of accumulated depreciation & impairment charges of £nil.

### 8 Debtors

|                | 2020<br>£      | 2019<br>£      |
|----------------|----------------|----------------|
| Trade debtors  | 437,792        | 479,737        |
| Prepayments    | 40,300         | 59,059         |
| Accrued income | <u>-</u>       | <u>20,792</u>  |
|                | <u>478,092</u> | <u>559,588</u> |

### 9 Creditors

|  | Note | 2020<br>£        | 2019<br>£        |
|--|------|------------------|------------------|
| <b>Due within one year</b>                     |      |                  |                  |
| Loans and borrowings                           | 10   | 1,450,664        | 896,212          |
| Trade creditors                                |      | 288,085          | 237,578          |
| Social security and other taxes                |      | 71,687           | 102,030          |
| Outstanding defined contribution pension costs |      | 8,172            | 9,365            |
| Outstanding defined benefit pension costs      |      | 37,449           | 36,636           |
| Accrued expenses                               |      | 60,975           | 113,888          |
| Deferred income                                |      | 495,021          | 432,391          |
| Other payables                                 |      | <u>53,603</u>    | <u>53,603</u>    |
|  |      | <u>2,465,656</u> | <u>1,881,703</u> |
| <b>Due after one year</b>                      |      |                  |                  |
| Loans and borrowings                           | 10   | 515,007          | 765,671          |
| Deferred income                                |      | <u>891,586</u>   | <u>1,133,746</u> |
|  |      | <u>1,406,593</u> | <u>1,899,417</u> |

Loans and borrowings of £1,450,664 (2019 - £896,212) included within creditors: due within one year include £1,200,000 (2019 - £650,000) payable to related parties under a ten year rolling credit facility expiring in 2027. This has been classed as a current liability as technically it is subject to annual review, however it is not expected to be repayable in the foreseeable future.

**GLOUCESTERSHIRE AIRPORT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**10 Loans and borrowings**

|   | 2020<br>£        | 2019<br>£      |
|---|------------------|----------------|
| <b>Current loans and borrowings</b>     |                  |                |
| Amounts owed to related parties         | <u>1,450,664</u> | <u>896,212</u> |
| <b>Non-current loans and borrowings</b> |                  |                |
| Amounts owed to related parties         | <u>515,007</u>   | <u>765,671</u> |

**11 Pension and other schemes**

**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £50,414 (2019 - £46,754).

Contributions totalling £8,172 (2019 - £9,365) were payable to the scheme at the end of the year and are included in creditors.

**Defined benefit pension schemes**  
**Local Government Pension Scheme**

The company participates in the defined benefit Local Government Pension Scheme (LGPS) administered by Gloucestershire County Council. This is a funded scheme, meaning both employer and employees pay contributions to the fund, calculated at a level that is estimated to balance the pension liabilities with investment assets. The contributions are determined by a qualified actuary on the basis of triennial valuations using the protected model unit method. The most recent full actuarial valuation was as at 31 March 2019. For the purposes of the financial statements a valuation has been performed at the year end to determine the amounts to be included in the financial statements.

Contributions payable to the pension scheme at the end of the year are £37,449 (2019 - £36,636).

The total contributions in the next year are expected to be £62,000.

The scheme was closed to new members prior to the 2006 financial year and so under the projected unit method the current service costs would be expected to increase over time as members of the scheme approach retirement.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £170,000 (2019 - £161,000).

**Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

|   | 2020<br>£          | 2019<br>£          |
|---|--------------------|--------------------|
| Fair value of scheme assets                 | 7,507,000          | 7,626,000          |
| Present value of defined benefit obligation | <u>(8,833,000)</u> | <u>(9,567,000)</u> |
| Defined benefit pension scheme deficit      | <u>(1,326,000)</u> | <u>(1,941,000)</u> |

**GLOUCESTERSHIRE AIRPORT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**11 Pension and other schemes (continued)**

***Defined benefit obligation***

Changes in the defined benefit obligation are as follows:

|                                | 2020<br>£        |
|--------------------------------|------------------|
| Present value at start of year | 9,567,000        |
| Current service cost           | 120,000          |
| Past service cost              | 8,000            |
| Interest cost                  | 227,000          |
| Actuarial gains and losses     | (743,000)        |
| Benefits paid                  | (368,000)        |
| Member contributions           | 22,000           |
| Present value at end of year   | <u>8,833,000</u> |

***Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

|                             | 2020<br>£        |
|-----------------------------|------------------|
| Fair value at start of year | 7,626,000        |
| Interest income             | 185,000          |
| Actuarial gains and losses  | (406,000)        |
| Member contributions        | 22,000           |
| Employer contributions      | 448,000          |
| Benefits paid               | (368,000)        |
| Fair value at end of year   | <u>7,507,000</u> |

***Analysis of assets***

The major categories of scheme assets are as follows:

|                           | 2020<br>%  | 2019<br>%  |
|---------------------------|------------|------------|
| Cash and cash equivalents | 1          | 2          |
| Equity instruments        | 64         | 67         |
| Debt instruments          | 26         | 23         |
| Property                  | 9          | 8          |
|                           | <u>100</u> | <u>100</u> |

***Return on scheme assets***

|                         | 2020<br>£        | 2019<br>£      |
|-------------------------|------------------|----------------|
| Return on scheme assets | <u>(221,000)</u> | <u>401,000</u> |

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

## GLOUCESTERSHIRE AIRPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 11 Pension and other schemes (continued)

##### *Principal actuarial assumptions*

The principal actuarial assumptions at the balance sheet date are as follows:

|                          | 2020 | 2019 |
|--------------------------|------|------|
|                          | %    | %    |
| Discount rate            | 2.30 | 2.40 |
| Future salary increases  | 2.20 | 2.80 |
| Future pension increases | 1.90 | 2.50 |
| Inflation (RPI)          | 2.80 | 3.50 |

##### *Post retirement mortality assumptions*

|  | 2020  | 2019  |
|--|-------|-------|
|  | Years | Years |
| Current UK pensioners at retirement age - male   | 21.70 | 22.40 |
| Current UK pensioners at retirement age - female | 23.90 | 24.60 |
| Future UK pensioners at retirement age - male    | 22.40 | 24.00 |
| Future UK pensioners at retirement age - female  | 25.30 | 26.40 |

#### 12 Financial commitments, guarantees and contingencies

At 31 March 2020, the company had total commitments under non-cancellable operating leases over the remaining life of those leases of £5,560 (2019 - £8,340).

At 31 March 2020, the company had contingent rents payable to Gloucester City Council and Cheltenham Borough Council of £2,285,805 (2019 - £2,212,423).

#### 13 Related party transactions

Gloucester City Council and Cheltenham Borough Council ('the Councils') were this company's controlling parties throughout the current year and previous year by the virtue of their equal ownership of the total issued share capital of the company. Both of the Councils are represented on the board of directors. During the year, the company was charged an amount of £72,311 (2019 - £70,234) from the Councils, being an agreed percentage of property sublet rental income; at the balance sheet date £16,000 (2019 - £16,000) was owed to the Councils in this respect. In addition, at the balance sheet date, the company owed £1,965,671 (2019 - £1,661,883) to the Councils in respect of loans; interest charged on loans for the year amounted to £44,651 (2019 - £37,249).

#### 14 Non adjusting events after the financial period

On 5 November 2020, the company's shareholders Cheltenham Borough Council and Gloucester City Council entered into an agreement, taking effect from 1 April 2020, to take responsibility for the assets and liabilities, including the full past service deficit, of the Local Government Pension Scheme (LGPS) attributable to the company. The company will however still be required to pay the primary employer contribution rate for future service costs.

Consequently, the company will no longer have a legal or constructive obligation in relation to the assets, liabilities and full past service deficit of LGPS and this will result in the net defined benefit pension scheme deficit of £1,326,000 and the related deferred tax asset of £251,940 at 31 March 2020 being de-recognised. From 1 April 2020, the company's contributions to LGPS will therefore be accounted for as if LGPS was a defined contribution pension scheme with the charge to the profit and loss account representing the contributions payable to LGPS. This is as distinct from the accounting treatment to 31 March 2020 of LGPS as a defined benefit pension scheme where the amounts charged to the profit and loss account represented costs arising from employee services rendered and the cost of plan introductions, benefit changes, settlements and curtailments, and net interest costs on the net defined benefit deficit, with remeasurement (comprising actuarial gains and losses and the return on scheme assets, excluding amounts included in net interest on the net defined benefit deficit) recognised in other comprehensive income.