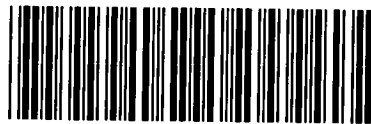


GLOUCESTERSHIRE AIRPORT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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GLOUCESTERSHIRE AIRPORT LIMITED

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GLOUCESTERSHIRE AIRPORT LIMITED

COMPANY INFORMATION

Directors	D P Melvin
	M I Morton
	K E Taylor
	R L Whyborn
	A M Cooke
	A W Kafkaris
	A H Pentecost
Registered office	Terminal Building
	Gloucestershire Airport
	Staverton
	Cheltenham
	Gloucestershire
	GL51 6SR
Auditors	Hazlewoods LLP
	Staverton Court
	Staverton
	Cheltenham
	GL51 0UX

GLOUCESTERSHIRE AIRPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors of the company

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

D P Melvin

M I Morton

K E Taylor

R L Whyborn

A M Cooke (appointed 1 July 2021)

A W Kafkaris (appointed 1 July 2021)

A H Pentecost (appointed 1 July 2021)

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 16/12/22 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 2022, 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 2022 and of its loss 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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:

- 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.

GLOUCESTERSHIRE AIRPORT LIMITED

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included United Kingdom Generally Accepted Accounting Practice, UK Companies Act 2006 and taxation laws;
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of the management and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

GLOUCESTERSHIRE AIRPORT LIMITED

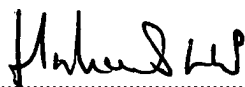
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOUCESTERSHIRE AIRPORT LIMITED

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any journal entries with unusual characteristics.

A further description of our responsibilities is available on the Financial Reporting Council's website at 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.



Paul Fussell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 16/12/22

GLOUCESTERSHIRE AIRPORT LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		4,256,451	3,454,393
Cost of sales		<u>(3,594,834)</u>	<u>(2,665,683)</u>
Gross profit		661,617	788,710
Administrative expenses		(1,487,314)	(1,369,334)
Exceptional administrative expenses	5	(4,293,889)	-
Government grants receivable	3	14,082	155,312
Fair value movement on investment properties	3	<u>328,499</u>	<u>881,700</u>
Operating (loss)/profit		(4,777,005)	456,388
Other interest receivable and similar income		192	73
Interest payable and similar charges		<u>(53,371)</u>	<u>(65,321)</u>
(Loss)/profit before tax	6	(4,830,184)	391,140
Taxation	7	<u>57,822</u>	<u>(46,249)</u>
(Loss)/profit for the financial year		<u><u>(4,772,362)</u></u>	<u><u>344,891</u></u>

The above results were derived from continuing operations.

GLOUCESTERSHIRE AIRPORT LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
(Loss)/profit for the year		<u>(4,772,362)</u>	<u>344,891</u>
Derecognition of the net defined benefit pension scheme deficit (see below)		-	1,326,000
Derecognition of deferred tax asset on the net defined benefit pension scheme deficit (see below)		-	(251,940)
Deferred tax arising on changes in laws and rates		<u>(491,347)</u>	<u>-</u>
		<u>(491,347)</u>	<u>1,074,060</u>
Total comprehensive (loss)/income for the year		<u><u>(5,263,709)</u></u>	<u><u>1,418,951</u></u>

With effect from 1 April 2020, the company ceased to have responsibility for the assets and liabilities, including the full past service deficit, of the Local Government Pension Scheme (LGPS) which was attributable to the company. Consequently, the net defined benefit pension scheme deficit of £1,326,000 and the related deferred tax asset of £251,940 were derecognised as an adjustment through the statement of comprehensive income.

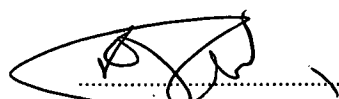
GLOUCESTERSHIRE AIRPORT LIMITED

(REGISTRATION NUMBER: 02774189)
BALANCE SHEET AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	17,369,742	18,985,073
Investment property	8	<u>17,351,699</u>	<u>17,023,200</u>
		<u>34,721,441</u>	<u>36,008,273</u>
Current assets			
Stocks	11	1,352,351	67,883
Debtors	10	1,020,292	312,926
Cash at bank and in hand		<u>334,320</u>	<u>788,193</u>
		2,706,963	1,169,002
Creditors: Amounts falling due within one year	12	<u>(7,506,735)</u>	<u>(3,084,529)</u>
Net current liabilities		<u>(4,799,772)</u>	<u>(1,915,527)</u>
Total assets less current liabilities		29,921,669	34,092,746
Creditors: Amounts falling due after more than one year	12	(2,662,536)	(2,003,429)
Deferred tax liabilities	7	<u>(5,903,421)</u>	<u>(5,469,896)</u>
Net assets		<u>21,355,712</u>	<u>26,619,421</u>
Capital and reserves			
Called up share capital		870,442	870,442
Profit and loss account		<u>20,485,270</u>	<u>25,748,979</u>
Total equity		<u>21,355,712</u>	<u>26,619,421</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 16/12/22 and signed on its behalf by:


K E Taylor
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

GLOUCESTERSHIRE AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	Profit and loss account £	Total £
At 1 April 2020	870,442	24,330,028	25,200,470
Profit for the year	-	344,891	344,891
Other comprehensive income	-	1,074,060	1,074,060
Total comprehensive income	-	1,418,951	1,418,951
At 31 March 2021	870,442	25,748,979	26,619,421

	Share capital £	Profit and loss account £	Total £
At 1 April 2021	870,442	25,748,979	26,619,421
Loss for the year	-	(4,772,362)	(4,772,362)
Other comprehensive income	-	(491,347)	(491,347)
Total comprehensive income	-	(5,263,709)	(5,263,709)
At 31 March 2022	870,442	20,485,270	21,355,712

Within the total value of profit and loss account reserves is £18,591,389 (2021 - £24,226,746) of undistributable reserves.

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 Section 1A - '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 £.

Going concern

The directors have prepared forecast information for a period of at least 12 months from the date of approval of these financial statements. Those forecasts indicate that the company will remain within its confirmed 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.

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.

Judgements

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

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.

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies (continued)

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.

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.

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

Asset class	Depreciation method and rate
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.

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies (continued)

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.

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.

Until 1 April 2020, the company participated 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. With effect from 1 April 2020, the company ceased to have responsibility for the assets and liabilities, including the full past service deficit, of the LGPS which was attributable to the company. Consequently, until 31 March 2020 the LGPS was accounted for as a defined benefit pension scheme and from 1 April 2020 has been accounted for as a defined contribution pension scheme.

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.

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 2022

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 of 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.

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Government grants	14,082	155,312
Fair value movement on investment properties	328,499	881,700
	<u>342,581</u>	<u>1,037,012</u>

Coronavirus Job Retention Scheme

The company received grants in relation to the Coronavirus Job Retention Scheme (CJRS) which are accounted as revenue grants. £14,082 (2021 - £155,312) was credited to the profit and loss account in relation to this grant.

4 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 45 (2021 - 44).

5 Exceptional items

	2022 £	2021 £
Loss on deemed disposal	<u>4,293,889</u>	<u>-</u>

The exceptional cost relates to a loss on deemed disposal of old runway surfaces and associated plant and machinery.

6 Profit before tax

Arrived at after charging/(crediting):

	2022 £	2021 £
Depreciation expense	475,374	462,299
Fair value movement on investment properties	(328,499)	(881,700)
Government grants	<u>(25,082)</u>	<u>(166,312)</u>

7 Taxation

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

	2022 £	2021 £
Deferred taxation		
Arising from origination and reversal of timing differences	(1,056,703)	46,249
Arising from changes in tax rates and laws	<u>998,881</u>	<u>-</u>
Total deferred taxation	<u>(57,822)</u>	<u>46,249</u>

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £
2022	
Fair value of investment property	4,162,005
Revaluation of leasehold property to deemed cost	2,047,279
Difference between accumulated depreciation and amortisation and capital allowances	160,021
Other timing differences	(88,089)
Tax losses	<u>(377,795)</u>
	<u>5,903,421</u>

	Liability £
2021	
Fair value of investment property	3,083,479
Revaluation of leasehold property to deemed cost	2,507,060
Difference between accumulated depreciation and amortisation and capital allowances	34,726
Other timing differences	(68,824)
Tax losses	<u>(86,545)</u>
	<u>5,469,896</u>

8 Investment properties

	2022 £
At 1 April	17,023,200
Fair value adjustments	<u>328,499</u>
At 31 March	<u>17,351,699</u>

These properties were valued by Andrew Capes FRICS and Ben Lovell MRICS on behalf of Avison Young Limited at 31 March 2022. The carrying value at historical cost of these properties amounts to £401,000 net of accumulated depreciation & impairment charges of £nil.

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9 Tangible assets

	Long leasehold property £	Freehold property £	Plant and machinery £	Assets in the course of construction £	Total £
Cost					
At 1 April 2021	19,067,192	42,500	3,383,271	789,499	23,282,462
Additions	-	-	84,527	4,327,108	4,411,635
Disposals	(5,317,948)	-	(789,741)	(489,754)	(6,597,443)
At 31 March 2022	<u>13,749,244</u>	<u>42,500</u>	<u>2,678,057</u>	<u>4,626,853</u>	<u>21,096,654</u>
Depreciation					
At 1 April 2021	1,763,497	-	2,533,892	-	4,297,389
Charge for the year	303,918	-	171,457	-	475,375
Eliminated on disposal	(637,000)	-	(408,852)	-	(1,045,852)
At 31 March 2022	<u>1,430,415</u>	<u>-</u>	<u>2,296,497</u>	<u>-</u>	<u>3,726,912</u>
Carrying amount					
At 31 March 2022	<u>12,318,829</u>	<u>42,500</u>	<u>381,560</u>	<u>4,626,853</u>	<u>17,369,742</u>
At 31 March 2021	<u>17,303,695</u>	<u>42,500</u>	<u>849,379</u>	<u>789,499</u>	<u>18,985,073</u>

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10 Debtors

	2022 £	2021 £
Trade debtors	335,969	282,076
Prepayments	10,694	30,850
Other debtors	673,629	-
	<u>1,020,292</u>	<u>312,926</u>

11 Stocks

	2022 £	2021 £
Development land plots held for sale	1,257,702	-
Finished goods and goods for resale	94,649	67,883
	<u>1,352,351</u>	<u>67,883</u>

12 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	13	6,739,938	2,386,600
Trade creditors		230,491	262,228
Social security and other taxes		39,806	41,650
Outstanding defined contribution pension costs		11,053	12,120
Accrued expenses		153,009	109,568
Deferred income		264,704	218,760
Other payables		67,734	53,603
		<u>7,506,735</u>	<u>3,084,529</u>
Due after one year			
Loans and borrowings	13	268,400	558,407
Deferred income		2,394,136	1,445,022
		<u>2,662,536</u>	<u>2,003,429</u>

Loans and borrowings of £6,739,938 (2021 - £2,386,600) included within creditors: due within one year include £1,850,000 (2021 - £2,100,000) 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.

Also included in loans and borrowings of £6,739,938 (2021 - £2,386,600) included within creditors: due within one year include £4,600,000 (2021 - £nil) payable to related parties for which repayment terms are under negotiation. This has been classed as a current liability as at the balance sheet date no repayment terms had been agreed, however, it is expected to be repaid via monthly instalments over a number of years.

GLOUCESTERSHIRE AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13 Loans and borrowings

	2022 £	2021 £
Current loans and borrowings		
Amounts owed to related parties	<u>6,739,938</u>	<u>2,386,600</u>
Non-current loans and borrowings		
Amounts owed to related parties	<u>268,400</u>	<u>558,407</u>

Guarantees

The amounts owed to related parties are secured by fixed and floating charges over the assets of the company and imposes a negative pledge which prohibits the company from creating any security interests over the property pledged as security.

14 Pension and other schemes

Defined contribution pension schemes

The company contributes to defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £98,101 (2021 - £97,491).

Contributions totalling £11,053 (2021 - £12,120) were payable to the schemes at the end of the year and are included in creditors.

15 Financial commitments, guarantees and contingencies

At 31 March 2022, the company had total commitments under non-cancellable operating leases over the remaining life of those leases of £183,925 (2021 - £2,085) and contingent rents payable to Gloucester City Council and Cheltenham Borough Council of £2,026,738 (2021 - £2,025,397).

Also at 31 March 2022, the company had total capital commitments of £5,705,900 (2021 - £nil) in respect of refurbishment and replacement of the runways.

16 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 £67,728 (2021 - £72,060) from the Councils, being an agreed percentage of property sublet rental income; at the balance sheet date £24,974 (2021 - £16,000) was owed to the Councils in this respect. In addition, at the balance sheet date, the company owed £7,008,335 (2021 - £2,945,006) to the Councils in respect of loans; interest charged on loans for the year amounted to £53,371 (2021 - £64,139).