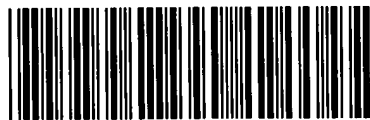


CORNWALL AIRPORT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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COMPANIES HOUSE



Bishop Fleming

CORNWALL AIRPORT LIMITED

COMPANY INFORMATION

DIRECTORS

W J M Ashworth (resigned 26 October 2020)
G J Fitter (resigned 9 May 2021)
T A Jeans
A P Ormshaw (resigned 24 September 2020)
R Thomasson (resigned 1 June 2020)
P Downes (appointed 1 June 2020, resigned 30 September 2021)
P R Andrew (appointed 26 October 2020)
C J Robinson (appointed 9 May 2021)

COMPANY SECRETARIES

R Zmuda D Kinnair

REGISTERED NUMBER

06098925

REGISTERED OFFICE

St Mawgan House
Cornwall Airport Newquay
St Mawgan
Newquay
Cornwall
TR8 4RQ

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

CORNWALL AIRPORT LIMITED

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STRATEGY AND OBJECTIVES

Cornwall Airport Limited ("the company") is the operator of Cornwall Airport Newquay ("the airport") on behalf of its ultimate shareholder (and landowner) Cornwall Council. The airport plays a strategically important role in the transport infrastructure of Cornwall and the Isles of Scilly providing critical connectivity for business and leisure travellers, alongside vital air navigation and safety services for general aviation across the region.

Whilst the core objective of the company in recent years has been to deliver consistent, sustainable growth in the number of passengers and routes served in order to provide this connectivity, the past year saw an unprecedented level of challenge to this strategy. The collapse of the company's largest customer – UK regional airline Flybe – followed shortly thereafter by the onset of the COVID-19 pandemic has represented the most significant disruption in the history of the company, mirroring the situation in the wider UK aviation industry. Comparative to the previous financial year, passenger numbers declined by over 95%, with over half of the year seeing no passenger traffic at all during three periods of national lockdown.

As the predominant driver of income for the company remains passenger services, the key strategic focus has been on re-establishing the airport's pre-COVID-19 route network, restoring essential connectivity and recovering passenger volumes back to 2019 levels, whilst continuing to diversify activities and revenue streams in an effort to create greater long-term resilience. This recovery is expected to take 3-5 years.

Despite widespread restrictions on both air travel and the broader economy being in force for the majority of the financial year, good progress has been achieved in creating the foundations of the recovery in the route network, with several leading airline customers secured for the Summer 2021 season and beyond.

The continued development of non-passenger-related commercial activity as part of efforts to diversify the company's activity and (income streams) remains a key strategic priority – the importance of which has been further emphasised by the pandemic. The Enterprise Zone (Aerohub) is a key component of the strategy to attract aerospace inward investment to the region. This supports the partnership with the Cornwall & Isles of Scilly Local Enterprise Partnership.

CORNWALL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

THE BUSINESS MODEL

Cornwall Airport Limited is a wholly-owned subsidiary of Corserv Limited, an intermediate holding company which oversees the various arms-length commercial companies for the ultimate shareholder, Cornwall Council. The shareholding transferred from Cornwall Council to Corserv Limited on 21 September 2016. The financial subsidy ("subsidy") received by the Airport is a mixture of subsidy received direct from Cornwall Council and amounts received from the Corserv Group relating to group relief for tax losses. Full analysis of all amounts received including the subsidy are disclosed in note 4 of the financial statements.

The airport financial model was revised as part of the business planning cycle in 20/21. The Airport post COVID-19 is forecast to make operational losses of £8.2m over the next 4 years which will be funded from Group Relief generated from profits in other parts of the Group.

In recent years the business has been focussed on increasing the number of passengers and routes from the airport, whilst at the same time growing income from non-passenger related activities i.e. property, training and general aviation. The passenger market for small regional airports has traditionally been more exposed to changes in the economic climate, given the less populous catchment areas, lower propensity to fly, and a reliance on the regional airline sector which has been in comparative decline during a period of industry consolidation and multiple failures in the sector. Increasing other sources of revenue for the company through diversification is thus a crucial part of the strategy such that it is not so overly dependent on revenue from passenger related activities.

The Airport is also a key economic enabler locally and it is currently estimated that the airport supports circa 500 jobs on the site and contributes over £62 million gross value to the Cornish economy.

The historic cost base of the company has been under constant review, however, the unprecedented impact of the pandemic necessitated a major restructure of operational departments to mitigate ongoing losses and adapt to the significantly changed demand landscape. This process delivered an annualised reduction in operating costs of approximately £1.3m. High compliance and establishment costs, however, could not be mitigated due to the requirement to retain all regulatory standards set by the Civil Aviation Authority and Department for Transport. These costs, coupled with the requirement to keep the aerodrome open for life-saving critical care and rescue flights as well as retain readiness for the resumption of commercial flights resulted in a substantial increase in subsidy requirement relative to recent years.

The airport also participated in the Government Job Retention Scheme and the Airport and Ground Operations Support Scheme (AGOSS) which helped mitigate losses during the year.

BUSINESS PERFORMANCE

The financial year to 31 March 2021 saw a 96% decrease in passengers using Cornwall Airport Newquay ("The Airport") directly attributable to the COVID-19 pandemic and accompanying restrictions on travel during successive national lockdowns. The impact on consumer sentiment and propensity to fly caused by repeated changes in travel restrictions further suppressed confidence to book and/or to travel, meaning that even when restrictions were partially eased, peak demand levels did not exceed 17% of equivalent 2019 levels.

CORNWALL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Table 1 - Passenger Numbers vs Budget 2020-21

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs Budget</u>
April 20	0	40,843	-100%
May 20	0	46,867	-100%
June 20	0	52,530	-100%
July 20	2,367	61,051	-96%
August 20	7,274	60,900	-88%
September 20	6,454	50,790	-87%
October 20	6,342	46,142	-86%
November 20	564	31,355	-98%
December 20	964	29,706	-97%
January 21	126	27,298	-100%
February 21	0	26,904	-100%
March 21	0	30,767	-100%
Year to Date	24,091	505,152	-96%

Table 2 - Passenger Numbers vs FY19-20

	<u>FY20-21</u>	<u>FY19-20</u>	<u>Actual vs 19-20</u>
April 20	0	39,134	-100%
May 20	0	45,482	-100%
June 20	0	52,113	-100%
July 20	2,367	58,406	-96%
August 20	7,274	58,335	-88%
September 20	6,454	42,579	-85%
October 20	6,342	36,885	-83%
November 20	564	24,228	-98%
December 20	964	24,275	-96%
January 21	126	19,546	-99%
February 21	0	18,550	-100%
March 21	0	5,131	-100%
Year to Date	24,091	424,664	-94%

During periods of partial reopening, passenger numbers were further suppressed by the earlier impact of the collapse of Flybe as the Airport's predominant airline – particularly in respect of the operation of the Public Service Obligation contract for flights between London and Cornwall.

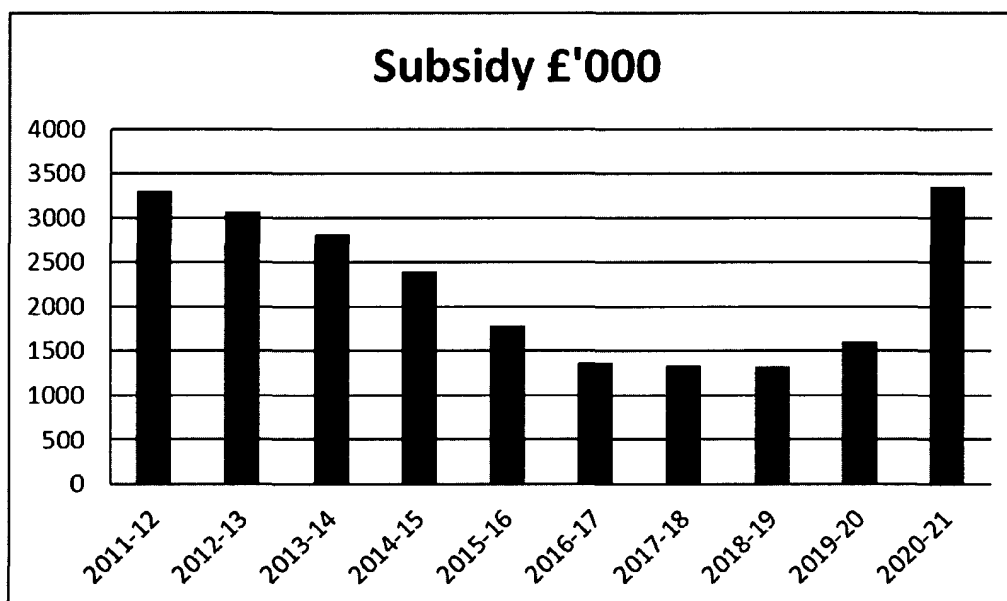
The company had been progressively reducing the operating subsidy for eight consecutive years up 2019/20, in which the collapse of Flybe and resultant bad debt increased the operating subsidy above £1.5m for the first time since 2015/16 at a time when we were forecasting to be sub £1m subsidy for the first time. As the operator of around 70% of our passenger traffic, the impact of this continued into the 2020/21 year, with efforts to replace capacity being severely impacted by the onset of the COVID-19 pandemic and subsequent national lockdowns and travel restrictions. Whilst good progress was achieved in securing replacement airlines to operate several key routes, second and third waves of the pandemic coupled with emergence of new variants delayed the recovery of passenger traffic substantially, in many cases up to and beyond year end. This drove a substantial increase in operating subsidy requirement, which was met through a combination of group tax relief and funding

CORNWALL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

via the Shareholder, Cornwall Council.

An organisational restructure was undertaken during the year, as part of a comprehensive plan to mitigate losses and transition to a leaner cost base, reducing overheads by approximately £1.3m. Losses were further mitigated through use of coronavirus support from central government, including approximately £1.3m in Coronavirus Job Retention Scheme claims and £0.5m from AGOSS.



The core of the company's passenger activity and thus its income is the London Public Service Obligation (PSO). Following the collapse of previous contract holder Flybe, an emergency tender process was undertaken in compliance with public procurement regulations to appoint a relief operator for a maximum of seven months. British Airways was awarded this contract, with services commencing on a commercial basis from July and under the contract from September. However, successive lockdown restrictions and advice against non-essential travel drove a reduced schedule and lower load factors than forecast, with the service terminating earlier than planned in January 2021.

A number of other services were recommenced during the year, including domestic services to Teesside, Leeds and Manchester along with international services to Faro and Alicante. As with the PSO, continued and significant disruption to travel, particularly on international routes, resulted in repeated interruptions to services throughout the year.

Good progress was achieved during the year in securing new airlines to operate in 2021, with most of the pre-pandemic route network expected to be restored. Frequencies and seat capacities will, however, take a number of years to return to previous levels.

Despite the restrictions on passenger travel through much of the year, the aerodrome remained operational for essential training, business/general aviation and lifesaving rescue and critical care flights. Whilst scheduled passenger flights decreased by 93% compared to the previous year, total air transport movements, at 32,389 decreased by just 29%, with military training and readiness flights in particular increasing substantially compared to prior year.

Enquiries for commercial property at the airport remained robust throughout the year despite the pandemic, reflecting the wider picture across Cornwall and the attractive geographic location of the airport and Aerohub site. A key long-term contract with Cormac Facilities was agreed to lease one of the former hangar buildings onsite to service a public transport maintenance contract with Transport for Cornwall.

FINANCIAL SUMMARY

CORNWALL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Cornwall Airport Limited (CAL) had a challenging year financially due to the impact of COVID-19 on its business performance with a loss of £0.9m reported. This was after a Group relief from Cormac Solutions Limited of £2.5m (2020: £1.6m) giving an underlying loss of £3.3m (2020: £0.0m).

The business received £1.3m in Job Retention support and £0.5m in AGOSS grants during the financial year and are included in the above results.

The company agreed a new 4 year business plan in 20/21 which reflects the COVID-19 situation and provides a funding mechanism with a realistic prolonged recovery of the airline industry.

GOING CONCERN

The previous 18 months have caused significant commercial issues for the Airport with a 94% reduction in passenger numbers and the underlying loss (before Group relief) at the airport increasing from £1.6m in 19/20 to £3.3m in 20/21, helped by the receipt of £0.5m of AGOSS funding in March.

Whilst it is hoped the UK is starting to see a resumption to normal ways of living, the risk and the impact on the airport remain due to continuing uncertainty over air travel. Newquay is in a more favourable position than some airports due to its location as a UK tourist destination which has helped attract a strong Airline route network now services have resumed.

However, with the pace of recovery and uncertainty in demand due to further potential restrictions on travel it is clear that economic uncertainty still remains.

In response to this position the Airport has taken a number of actions to mitigate this:

- In March 2021 the company, supported by its parent company Corser and Cornwall Council, approved a revised business plan for the next 4 years.
 - o The financials agreed were reflective of a prolonged recovery in passenger numbers and ensured that the airport has a realistic recovery model with support from its shareholder to sustain its recovery. By 23/24 it is expected to have recovered to pre pandemic levels of trading.
 - o The losses will be supported by the use of Group loss relief by offsetting losses in the airport with profits in other parts of the Group over the 4 year business plan and support liquidity.
 - o Underlying Loss (before Group relief) in the business plan is as follows
 - 20/21 - £4.1m (actual was £3.35m)
 - 21/22 - £3.6m
 - 21/22 - £2.0m
 - 22/23 - £1.5m
 - 23/24 - £1.0m back to pre-pandemic levels of loss.
- The company will again participate in the AGOSS scheme for 21/22 recovering a further £0.25m
- A restructure of the organisation removed £1.3m of fixed cost from the business.
- Cornwall Council have provided a Letter of Support until 31/03/2023.
- The business has continued to utilise the Job Retention Scheme during 21/22.

In the last 12 months the business has responded to its changing environment and put in place a number of actions around funding and a realistic business plan which reflects the potential pace of recovery which is supported by its shareholder.

On that basis the Directors of Cornwall Airport confirm that in their opinion the company continues to be a going concern. They acknowledge there is significant uncertainty facing the regional airport network and aviation industry and although a successful outcome is anticipated a replacement airline for the important London route is yet to be concluded.

FUTURE DEVELOPMENTS

The company's strategy continues to focus on the two key business objectives of recovery of passenger traffic and increased tenant activity on the Aerohub site.

The passenger side of the airport's business has seen industry-leading growth over recent years, but the impact of the pandemic on the sector has driven a substantial downturn in passenger volumes which is expected to take

CORNWALL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

3-5 years to recover to 2019 volumes. Structural changes and consolidation within the airline sector, particularly a move in market share from regional and charter airlines to low cost carriers could result in a return to 2019 levels of aeronautical income taking longer to achieve.

Whilst a tender process conducted by Cornwall Council to appoint a replacement airline to operate the London route did not result in a contract award, a further tender process will be undertaken for commencement of a service in the 2020/21 financial year – this will represent a crucial stage in the long-term recovery plan for the company and support the return to previous levels of passenger traffic.

The airport's role supporting the logistics of 2021 G7 Summit that took place in Cornwall provided a substantial investment in airfield infrastructure, in addition to one-off revenue benefits. £7.8m was committed by central government to enhance facilities, including improvements to aprons, taxiways and lighting, which will support efforts to develop further aviation activity on the Aerohub Enterprise Zone site.

Further progress was made during the year on development of launch capability for Cornwall to operate the UK's first Spaceport, with a number of preparatory infrastructure works delivered, along with commencement of construction of a payload integration facility on the airfield. A Spaceport Licence Application will be submitted to the Civil Aviation Authority in the 2021/22 year, with the project still on target to host Virgin Orbit for a launch mission in the 2022/23 year.

Key Performance Indicators ("KPIs")

The major KPIs are monitored on a monthly basis and reported to the Board, with any unexpected variance being reviewed and investigated.

KPI	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Passenger numbers	24,091	424,664	461,856	459,059	383,565	255,058
Subsidy	£3,347,497	£1,603,004	£1,324,809	£1,334,077	£1,362,938	£1,793,283
On time performance	87.9%	81.4%	82.0%	82.3%	81.6%	84.6%
Complaints (per 1,000 passengers)	0.830 per 1,000	0.308 per 1,000	0.175 per 1,000	0.126 per 1,000	0.193 per 1,000	0.196 per 1,000

The Subsidy is reported for KPI purposes excluding the lease/rent payments to Cornwall Council, the property owner.

On Time Performance improved substantially in comparison to the previous year, mostly attributable to quieter airline schedules and consequently fewer cases of late inbound arriving aircraft.

The ratio in the number of complaints v passengers increased by 169% compared to the previous year, however it should be noted that statistically robust sample sizes are difficult to obtain due to the sharp decline in passenger volumes. As an illustration, the actual number of complaints received reduced by 85% against a reduction in passenger numbers of 96%, whilst the ratio of customer compliments received per 1,000 passengers increased by 660% year-on-year.

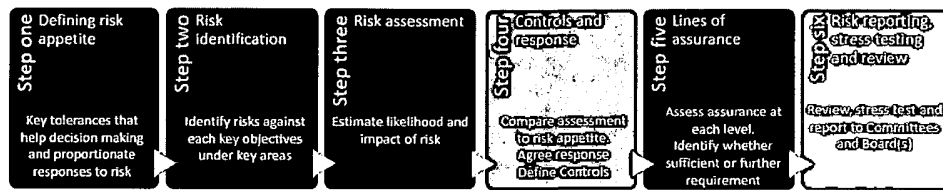
RISK AND ASSURANCE

As part of the new governance structure for the Group, the Audit, Risk and Assurance Committee (ARAC) are working with the Cornwall Airport board and management team to introduce a robust risk assurance framework to ensure risks are identified, assessed, managed and monitored appropriately.

As part of this process the company will adopt the well regarded Three Lines of Defence model, to ensure that adequate controls are in place and working effectively.

This framework, as outlined below, is currently in development within the company and will be rolled out in the next financial year.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021



1. Risk

Health and Safety of Employees

Definition

The company operates across range of complex and hazardous areas. If our approach to H&S lacks sufficient control and oversight, this could result in:-

- Death, harm or injury to colleagues, tenants, customers or the public
- Reduced ability to bid for and win work
- Reputational damage
- Financial penalties arising from fines, claims or legal action
- Personal liability

Mitigation

- H & S Plan and system in place
- Mandatory training programme
- Near miss reporting driving improvements
- H&S procedures and policies
- H&S reporting reviewed, and improvements made on performance data
- Onsite risk assessments undertaken
- Supervision
- System support (e.g. FMS, Lone working devices)
- Detailed stock quality and asset compliance registers

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. Risk

Regulatory / Compliance Breach

Definition

The company operates in a regulated environment, subject to the oversight by a range of regulators. Failure to adhere to, or respond to changes in regulatory requirements, laws or standards results in: -

- Litigation and/or prosecution
- Fines and Penalties
- Business disruption
- Reputational damage
- Lost contracts/customer confidence

Mitigation

- Implementation of compliance framework that outlines requirements and updates the business as changes occur
- Mandatory staff training
- Appropriate and responsive policies and procedures aligned to compliance requirements
- Risk and assurance framework which highlights control weaknesses

3. Risk

Data Security (including Cyber resilience and GDPR)

Definition

Local government is increasingly targeted by sophisticated cyber security attacks.

As a business we are increasing use of mobile and online technology. A failure to protect key confidential data could result in: -

- Litigation and/or prosecution with associated fines
- Business disruption
- Loss of Intellectual Property
- Reputational damage
- Lost contracts/customer confidence

Mitigation

- Data governance framework (GDPR compliance)
- Staff training
- Regular system testing
- Mandatory password changes with password strength controls
- Detailed security assessments of new systems pre implementation

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

4. Risk

COVID-19 impact on operational services

Definition

Restrictions around COVID-19 impact on the airlines ability to fly and could result in: -

- Reduced passenger numbers and reduced income
- Airlines going into liquidation reducing services and competition
- Airport ability to remain a going concern due to liquidity issues
- Bad debts risks from failed airlines

Mitigation

- Robust business plan reflective of prolonged recovery and funding
- Spreading of services amongst multiple airlines
- PSO agreement to be in place underwritten by DfT and Cornwall Council
- Newquay as an internal staycation destination
- Business continually monitors and reacts to changes in operational delivery
- Reduced fixed costs of the business

5. Risk

Access to Labour

Definition

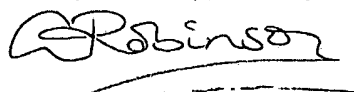
Inability to attract and retain the required levels of skilled and competent staff especially customer facing due to affordability/availability could result in: -

- Stress and pressure on remaining workforce
- Risk performance against contract terms
- Restrict business growth
- Ability to deliver business plan targets

Mitigation

- Benchmark pay and benefits against local market
- Employee brand building strategy promoting EDI and non-pay related benefits
- Staff training, development and engagement
- Targeted recruitment campaigns

This report was approved by the board on 12 October 2021 and signed on its behalf.



C J Robinson
Director

CORNWALL AIRPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £889,863 (2020:loss £7,857).

No dividend is recommended.

DIRECTORS

The directors who served during the year were:

W J M Ashworth (resigned 26 October 2020)

G J Fitter (resigned 9 May 2021)

T A Jeans

A P Ormshaw (resigned 24 September 2020)

R Thomasson (resigned 1 June 2020)

P Downes (appointed 1 June 2020, resigned 30 September 2021)

P R Andrew (appointed 26 October 2020)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

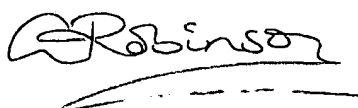
EVENTS AFTER THE END OF THE REPORTING PERIOD

Post balance sheet events and the company's response to the global pandemic are disclosed in the strategic report.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



C J Robinson
Director

Date: 12 October 2021

St Mawgan House
Cornwall Airport Newquay
St Mawgan
Newquay
Cornwall
TR8 4RQ

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then 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 to 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.

CORNWALL AIRPORT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIRPORT LIMITED

OPINION

We have audited the financial statements of Cornwall Airport Limited (the 'company') for the year ended 31 March 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 '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 2021 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.2 in the financial statements, which explains that there is uncertainty around the pace of the recovery in passenger demand following COVID-19 and uncertainty from the impact that potential further outbreaks of COVID-19 variants and consequential restrictions on air travel could have on regional airports and the aviation industry. Although a positive outcome is anticipated, the appointment of an operator for the financially important London Public Service Obligation route is outstanding. As stated in note 2.2, these events or conditions, along with the other matters as set out in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis included a review of forecasts within the Corserv Group business plan and the ability of other group companies to provide support based upon their financial performance, their balance sheet and cash facilities. We also considered the ongoing commitment of support from Cornwall Council.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIRPORT LIMITED
(CONTINUED)**

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 MATTERS 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 11, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIRPORT LIMITED
(CONTINUED)**

AUDITORS' 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 Auditors' 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:

- We have considered the nature of the industry and sector, control environment, and financial performance;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risks of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These include the regulatory standards set by the Civil Aviation Authority and Department for Transport, data protection legislation, health and safety regulations, environmental regulations and employment law.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management in relation to actual and potential claims or litigation;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around the year-end cut off including the agreement of year end balances with Cornwall Council and other Corserv group companies; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and

CORNWALL AIRPORT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIRPORT LIMITED (CONTINUED)

regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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. This description forms part of our Auditors' 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 Auditors' 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.



Robert Davey FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

28 October 2021

CORNWALL AIRPORT LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	2,121,650	9,029,449
Rent subsidy	4	917,000	917,000
Group relief	4	2,457,632	1,603,004
	4	<u>5,496,282</u>	<u>11,549,453</u>
Cost of sales		(9,144,982)	(12,671,615)
GROSS LOSS		<u>(3,648,700)</u>	<u>(1,122,162)</u>
Administrative expenses		(340,780)	(428,408)
Other operating income	5	3,117,470	1,547,667
OPERATING LOSS	6	<u>(872,010)</u>	<u>(2,903)</u>
Interest receivable and similar income	10	342	3,242
Interest payable and similar expenses	11	(17,850)	-
Other finance income		(345)	(339)
(LOSS)/PROFIT BEFORE TAX		<u>(889,863)</u>	<u>-</u>
Tax on (loss)/profit	12	-	(7,857)
LOSS FOR THE FINANCIAL YEAR		<u><u>(889,863)</u></u>	<u><u>(7,857)</u></u>

The notes on pages 22 to 34 form part of these financial statements.

CORNWALL AIRPORT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Profit/(Loss) for the financial year		(889,863)	(7,857)
OTHER COMPREHENSIVE INCOME			
Pension surplus not recognised		-	1,426,000
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	1,426,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(889,863)	1,418,143

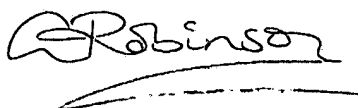
The notes on pages 22 to 34 form part of these financial statements.

CORNWALL AIRPORT LIMITED
REGISTERED NUMBER:06098925

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Tangible assets	13		189,824		160,702
			<u>189,824</u>		<u>160,702</u>
CURRENT ASSETS					
Stocks	14	80,121		81,834	
Debtors: amounts falling due within one year	15	2,185,433		1,645,120	
Cash at bank and in hand	16	63,540		1,063,667	
		<u>2,329,094</u>		<u>2,790,621</u>	
Creditors: amounts falling due within one year	17	(1,628,925)		(2,371,467)	
NET CURRENT ASSETS			700,169		419,154
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>889,993</u>		<u>579,856</u>
Creditors: amounts falling due after more than one year			(1,200,000)		-
NET (LIABILITIES)/ASSETS			<u>(310,007)</u>		<u>579,856</u>
CAPITAL AND RESERVES					
Called up share capital	20		500,001		500,001
Profit and loss account	21		(810,008)		79,855
			<u>(310,007)</u>		<u>579,856</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C J Robinson
Director

Date: 12 October 2021

The notes on pages 22 to 34 form part of these financial statements.

CORNWALL AIRPORT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	500,001	79,855	579,856
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(889,863)	(889,863)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(889,863)	(889,863)
AT 31 MARCH 2021	500,001	(810,008)	(310,007)

The notes on pages 22 to 34 form part of these financial statements.

CORNWALL AIRPORT LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	500,001	(1,338,288)	(838,287)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(7,857)	(7,857)
Remeasurement of defined benefit pension scheme	-	1,426,000	1,426,000
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	1,426,000	1,426,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1,418,143	1,418,143
AT 31 MARCH 2020	500,001	79,855	579,856

The notes on pages 22 to 34 form part of these financial statements.

CORNWALL AIRPORT LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the financial year	(889,863)	(7,857)
ADJUSTMENTS FOR:		
Interest paid	17,850	-
Interest received	(342)	(3,242)
Taxation charge	-	7,857
Decrease/(increase) in stocks	1,713	(8,682)
(Increase)/decrease in debtors	(170,688)	181,818
(Increase)/decrease in amounts owed by groups	(369,625)	1,074,830
(Decrease) in creditors	(517,132)	(150,977)
(Decrease) in amounts owed to groups	(217,553)	(1,315,758)
Corporation tax (paid)	(7,857)	(8,547)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(2,153,497)	(230,558)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(29,122)	(160,702)
Interest received	342	3,242
NET CASH FROM INVESTING ACTIVITIES	(28,780)	(157,460)
CASH FLOWS FROM FINANCING ACTIVITIES		
New loans from group companies	1,200,000	-
Interest paid	(17,850)	-
NET CASH USED IN FINANCING ACTIVITIES	1,182,150	-
(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,000,127)	(388,018)
Cash and cash equivalents at beginning of year	1,063,667	1,451,685
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	63,540	1,063,667
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	63,540	1,063,667
	63,540	1,063,667

The notes on pages 22 to 34 form part of these financial statements.

CORNWALL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

The company (registered number 06098925) is a private company, limited by shares and registered in England and Wales. The registered office is St Mawgan House, Cornwall Airport Newquay, St Mawgan, Newquay, Cornwall, TR8 4RQ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The financial statements for the year ended 31 March 2021 have been prepared on a going concern basis as the directors remain confident that the company will meet its working capital requirements until at least 31 March 2023 from the cash held by the company at the balance sheet date, additional revenue funding from Cornwall Council and the sale of tax losses within the Corserv Group.

In the last 12 months the business has responded to its changing environment and put in place a number of actions around funding and a realistic business plan which reflects the potential pace of recovery which is supported by its shareholder.

Whilst the directors remain confident that following the resumption of air travel the company is well positioned to recover its principal sources of income, the uncertainty of the pace of this resumption in passenger demand, the possibility of further outbreaks of COVID-19 variants and consequential restrictions on air travel mean that regional airports and the aviation industry face a period of considerable uncertainty. Although a positive outcome is anticipated the appointment of an operator for the financially important London Public Service Obligation route is outstanding. For these reasons there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.3 REVENUE

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 OTHER REVENUE

Other revenue includes proceeds from other members of the Cornwall Council group of companies. It includes receipts for tax losses for the period transferred to other members of the Corserv Group and subsidy from the Council for rental charges and residual trading losses. Revenue is recognised in the period of trading to which the subsidy relates.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.6 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.8 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

DEFINED BENEFIT PENSION PLAN

The company participates in the local government pension scheme for certain employees, a defined benefit scheme managed by Cornwall Council. The assets of the scheme are invested independently of the finances of the company. Contributions are made to the scheme in accordance with recommendations of an independent actuary in respect of current and future service.

There is a Partnership Agreement with Cornwall Council that confirms that Cornwall Council remains liable for any deficit in the local government pension scheme. The contributions payable to the scheme are agreed with the Council. Therefore, the scheme is accounted for by the Company as if it were a defined contribution scheme.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.11 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.12 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Buildings	- 20 years
Motor vehicles	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is 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.

2.14 DEBTORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.15 CASH AND CASH EQUIVALENTS

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.16 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 FINANCIAL INSTRUMENTS

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's 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 an asset's carrying amount and best estimate of the recoverable amount, 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 reported in the Statement of Financial Position 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.

CORNWALL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that are judged to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements.

4. TURNOVER

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

	2021 £	2020 £
Rendering of services	1,020,058	5,892,488
Sale of goods	1,101,592	3,136,961
Rent subsidy	917,000	917,000
Group relief	2,457,632	1,603,004
	<u>5,496,282</u>	<u>11,549,453</u>

All turnover arose within the United Kingdom.

The financial subsidy received by the Airport is a mixture of subsidy received direct from Cornwall Council and amounts received from the Corserv Group relating to the group relief of tax losses.

5. OTHER OPERATING INCOME

	2021 £	2020 £
Net rents receivable	1,027,118	962,957
Government grants receivable	1,724,701	-
Miscellaneous other operating income	365,651	584,710
	<u>3,117,470</u>	<u>1,547,667</u>

Government grants receivable relate to income from the Coronavirus Job Retention Scheme and the Airport and Ground Operations Support Scheme.

CORNWALL AIRPORT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****6. OPERATING LOSS**

The operating loss is stated after charging:

	2021 £	2020 £
Other operating lease rentals	<u>1,073,334</u>	<u>1,097,586</u>

7. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>15,872</u>	<u>14,725</u>

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

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	3,895,990	4,559,190
Social security costs	335,255	394,021
Cost of defined benefit scheme	-	128,311
Cost of defined contribution scheme	312,245	195,735
	<u>4,543,490</u>	<u>5,277,257</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Operations	147	196
Commercial	3	4
	<u>150</u>	<u>200</u>

CORNWALL AIRPORT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****9. DIRECTORS' REMUNERATION**

	2021 £	2020 £
Directors' emoluments	188,222	165,935
Company contributions to defined contribution pension schemes	24,554	20,896
	<u>212,776</u>	<u>186,831</u>

During the year retirement benefits were accruing to no directors (2020:1) in respect of defined benefit pension schemes.

10. INTEREST RECEIVABLE

	2021 £	2020 £
Other interest receivable	342	3,242
	<u>342</u>	<u>3,242</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Loans from group undertakings	17,850	-
	<u>17,850</u>	<u>-</u>

CORNWALL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. TAXATION

	2021 £	2020 £
CORPORATION TAX		
Current tax on profits for the year	-	7,857
	<u>-</u>	<u>7,857</u>
TOTAL CURRENT TAX	<u>-</u>	<u>7,857</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2020: 19%).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

13. TANGIBLE FIXED ASSETS

	Buildings £	Motor vehicles £	Total £
COST			
At 1 April 2020	160,702	-	160,702
Additions	1,373	27,749	29,122
At 31 March 2021	<u>162,075</u>	<u>27,749</u>	<u>189,824</u>
NET BOOK VALUE			
At 31 March 2021	<u>162,075</u>	<u>27,749</u>	<u>189,824</u>
At 31 March 2020	<u>160,702</u>	<u>-</u>	<u>160,702</u>

CORNWALL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. STOCKS

	2021 £	2020 £
Goods for resale	80,121	81,834
	<u>80,121</u>	<u>81,834</u>

15. DEBTORS

	2021 £	2020 £
Trade debtors	527,776	714,400
Amounts owed by group undertakings	369,625	-
Other debtors	90,933	1,216
Prepayments and accrued income	1,197,099	929,504
	<u>2,185,433</u>	<u>1,645,120</u>

16. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	63,540	1,063,667
	<u>63,540</u>	<u>1,063,667</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	269,964	505,750
Amounts owed to group undertakings	543,333	760,886
Corporation tax	-	7,857
Other taxation and social security	69,316	118,799
Other creditors	33,346	46,329
Accruals and deferred income	712,966	931,846
	<u>1,628,925</u>	<u>2,371,467</u>

CORNWALL AIRPORT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021 £	2020 £
Other loans	1,200,000	-
	<u>1,200,000</u>	<u>-</u>

The company has a funding arrangement with Corserv Limited. Interest is fixed at 5.7% and the amount is repayable in March 2023. At the year end, the amount outstanding under this arrangement was £1,200,000 of which all is included in other loans due in more than one year.

19. LOANS

Analysis of the maturity of loans is given below:

	2021 £	2020 £
AMOUNTS FALLING DUE 1-2 YEARS		
Other loans	1,200,000	-
	<u>1,200,000</u>	<u>-</u>

20. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
500,001 (2020:500,001) ordinary shares of £1.00 each	<u>500,001</u>	<u>500,001</u>

21. RESERVES**Profit and loss account**

The profit and loss account comprises all current and prior period accumulated profits and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
22. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £156,974 (2020: £174,839). Contributions totalling £23,000 (2020: £28,112) were payable to the fund at the reporting date and are included in creditors.

Some employees of the Company are members of the Cornwall Council LGPS, a multi-employer scheme administered by Cornwall Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. A pension pass through arrangement is in place with Cornwall Council whereby the council is liable to the pension fund for the historic and future liabilities and assets of the scheme in respect of these employees with contribution rates set by the actuary of the Cornwall Council LGPS. In line with guidance issued under FRS 102, the scheme is therefore accounted for as if it were a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the fund. The total contributions made in 2021 were £185,463 (2020: £178,674) of which employer contributions were £155,271 (2020: £128,311) and employee contributions were £30,192 (2020: £50,363). Contributions totalling £9,905 (2020: £13,889) were payable to the fund at the reporting date and are included in creditors.

23. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,073,000	1,077,328
Later than 1 year and not later than 5 years	86,901	1,159,900
	<u>1,159,901</u>	<u>2,237,228</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,073,334 (2020: £1,097,586)

24. TRANSFER OF DEFINED BENEFIT PENSION SCHEME LIABILITY

In the prior year, a deed of variation to the partnership agreement between Cornwall Council and entities within the Corserv Group, including Cornwall Airport Limited, was signed. This took effect from 1 April 2019 and provided for a pension pass-through arrangement. This transferred the existing defined benefit pension scheme liability for the company, and all future assets and liabilities, of the defined benefit pension scheme to Cornwall Council. Though Cornwall Airport Limited will no longer be liable for the historic pension scheme liability or any future liabilities, the company will be required to pay contributions as calculated by the scheme actuary going forward and therefore have accounted for the scheme as if it were a defined contribution pension scheme from 1 April 2019.

In line with guidance under FRS 102, the gain on transfer of the defined pension scheme liability of £1,426,000 as at 1 April 2019 to Cornwall Council was recognised in other comprehensive income.

CORNWALL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

25. RELATED PARTY TRANSACTIONS

There are no key management outside of the Directors. Details of Directors' remuneration can be seen in Note 9 in the financial statements.

The company has claimed exemption under FRS102 S33.1A in respect of transactions with companies under the common control of Cornwall Council.

During the year, the Company purchased services totalling £15,300 (2020: £19,522) from a company controlled by a Director of Cornwall Airport Limited. At 31 March 2020, Cornwall Airport Limited owed the company £Nil (2020: £Nil).

A further amount of (£Nil) (2020: (£500)) was invoiced to Cornwall Airport Limited by another company controlled by a director for services provided, with a balance of £Nil (2020: £Nil) accrued for at year end.

During the year, the Company invoiced for land rental services provided totalling £2,880 (2020: £2,400) to a company controlled by a Director of Cornwall Airport Limited. At 31 March 2021 £240 was owing to Cornwall Airport Limited (2020: £240). Cornwall Airport Limited was also invoiced by this company for catering services in the year totalling £Nil (2020: £350).

During the year, the Company purchased services totalling £Nil (2020: £4,508) from a company controlled by the father of a Director of Cornwall Airport Limited. At 31 March 2021, Cornwall Airport Limited owed the company £Nil (2020: £Nil).

26. CONTROLLING PARTY

The company's immediate parent is Corserv Limited.

The ultimate parent is Cornwall Council.

The immediate parent undertaking produces consolidated financial statements, which incorporate the results of this company. Copies of the consolidated financial statements of Corserv Limited are available on request from Corserv Head Office, Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW.

CORNWALL AIRPORT LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover		5,496,282	11,549,453
Cost of Sales		(9,144,982)	(12,671,615)
GROSS LOSS		(3,648,700)	(1,122,162)
GROSS LOSS %		(66.4)%	(9.7)%
Other operating income		3,117,470	1,547,667
LESS: OVERHEADS			
Administration expenses		(340,780)	(428,408)
OPERATING LOSS		(872,010)	(2,903)
Interest receivable		342	3,242
Interest payable		(17,850)	-
Other finance income		(345)	(339)
Tax on (loss)/profit on ordinary activities		-	(7,857)
LOSS FOR THE YEAR		(889,863)	(7,857)

CORNWALL AIRPORT LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
TURNOVER AND SUBSIDY		
Rendering of services	965,851	5,892,488
Sale of goods	1,101,592	3,136,961
Rent subsidy	917,000	917,000
Group relief	2,457,632	1,603,004
G7 income	54,207	-
	<u>5,496,282</u>	<u>11,549,453</u>
	2021 £	2020 £
COST OF SALES		
Fuel	724,708	1,720,682
Wages and salaries	3,569,504	4,212,960
National insurance	316,175	348,201
Staff pension costs - defined contribution scheme	279,395	174,839
Staff pension costs - defined benefit schemes	-	117,493
Directors' remuneration	188,222	146,473
Coffee shop purchases	24,400	501,148
Light, heat and power	488,780	594,975
Maintenance	385,754	351,507
Insurance	195,020	187,102
Other airport costs	666,055	1,110,585
Bad debt expense	(61,312)	474,054
Aerodrome purchased services	779,917	700,541
Hire of other assets	200,660	228,013
Rent	917,000	917,000
Travel	5,174	40,413
Marketing	55,277	324,588
Rates and water	410,253	521,041
	<u>9,144,982</u>	<u>12,671,615</u>
	2021 £	2020 £
OTHER OPERATING INCOME		
Net rents receivable	1,027,118	962,957
Government grants receivable	1,724,701	-
Sundry income	365,651	584,710
	<u>3,117,470</u>	<u>1,547,667</u>

CORNWALL AIRPORT LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
ADMINISTRATION EXPENSES		
Directors national insurance	-	17,455
Directors salaries	-	19,462
Directors pension costs - defined contribution schemes	24,554	20,896
Staff salaries	138,264	180,295
Staff national insurance	19,080	28,365
Staff pension costs - defined contribution schemes	8,296	-
Staff pension costs - defined benefit schemes	-	10,818
Legal and professional	52,807	22,371
Auditors' remuneration	18,272	14,725
Bank charges	20,135	53,867
Sundry expenses	59,372	60,154
	<u>340,780</u>	<u>428,408</u>
	2021 £	2020 £
INTEREST RECEIVABLE		
Bank interest receivable	342	3,242
	<u>342</u>	<u>3,242</u>
	2021 £	2020 £
INTEREST PAYABLE		
Group interest payable	17,850	-
	<u>17,850</u>	<u>-</u>
	2021 £	2020 £
OTHER FINANCE COSTS		
Foreign exchange diffs re financing activities	(345)	(339)
	<u>(345)</u>	<u>(339)</u>