

**Glasgow Prestwick Airport Limited**

Annual report and financial statements

Registered number SC135362

31 March 2020



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## Strategic Report

The directors present their strategic report for the year ended 31 March 2020.

### Performance

Despite a fall in passenger numbers the business has seen a significant improvement in performance compared with the previous year and although cargo volumes remained in line with prior year, fuel supply volumes increased 85% year on year. The business has benefited from positive increases in most revenue streams during the year with revenues up (51%) over the prior year from £21.9m to £33.1m with increased non-scheduled and other aviation activity resulting in an increase in income derived from fuel and aviation sales.

<b>Key Performance Statistics – FY20</b>				
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>Var</b>	<b>Var</b>
	<b>19/20</b>	<b>18/19</b>	<b>YOY</b>	<b>YOY</b>
<b>Total Passengers ('000)</b>	<b>621</b>	<b>662</b>	<b>(41)</b>	<b>(6%)</b>
<b>Total Freight (Metric Tonnes)</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>-%</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Revenue</b>	<b>33.1</b>	<b>21.9</b>	<b>11.2</b>	<b>51%</b>
<b>Operating Profit/(Loss)</b>	<b>0.5</b>	<b>(3.2)</b>	<b>3.7</b>	<b>116%</b>
<b>Group Operating Profit/ (Loss) before Interest and Tax</b>	<b>0.5</b>	<b>(3.2)</b>	<b>3.7</b>	<b>116%</b>
Interest	(1.4)	(1.3)	(0.1)	9%
Tax	-	-	-	-
<b>Total Profit/(Loss) for Year</b>	<b>(0.9)</b>	<b>(4.5)</b>	<b>3.6</b>	<b>177%</b>

This significantly increased revenue combined with strict cost control resulted in an operating profit of £0.5m which is a 116% improvement on the previous year and continues the year on year improvement trend. The total loss for the year including loan interest was £0.9m, a 177% improvement on the previous year.

Overall the airport's financial performance improvements have been based on a strong emphasis on the development of new revenue opportunities and customers, and the airport continues to be attractive for specialist events, successfully hosting several European and international military exercises during the year and will support the United Nations Climate Change Conference (COP 26) which is now planned in 2021. This success together with a tight control of costs and operational efficiencies underlines the airports enhanced status as a vital strategic provider of international freight, fuel and specialist aviation services, and a major infrastructure asset.

However, whilst we were very much on an upward trajectory in terms of profitability it is inevitable that our future revenue and profits will be affected due to the impact of the

Covid 19 global pandemic. The immediate and long-term challenges facing the global aviation sector are significant, particularly businesses connected to passenger travel. Even before the pandemic, our financial performance was hampered by declining passenger numbers and revenue. In turn, we do not expect passenger numbers to return to pre-coronavirus levels in the near future. The impact on our other revenue streams is less uncertain with a cargo and military markets more likely to recover faster during the next 12 months and present opportunities for the business to continue its success as a niche airport.

### **Directors' section 172 statement**

The board of directors have collectively and individually promoted the company's success for its shareholders during the financial year ending 31st March 2020. Working together, we continue to develop our strategy and processes to deliver a sustainable business model which will secure the long-term position of the airport as a strategic asset for the shareholder as a key piece of infrastructure to deliver benefit for the Ayrshire economy in both jobs and wealth creation. Our short-term strategy has been developed to provide clarity on critical business objectives with the key measures of success of reducing historic losses and indeed returning the business to profitability. The Company's leadership team have been focussed on delivering this strategy and for the first time in many years achieved profitability this year. The challenges of the Covid 19 pandemic which will have an impact in 2020 and the board of directors are even more determined to continuing to reshape the business to be as resilient and efficient as it can be.

During the year we continued to recognise the commitment and flexibility that our employees have shown through improving working practise and opportunities for multi skilling with several functions merged into one team and our management team was streamlined with monthly meetings focussed on performance and clear messaging. Our employee safety and well-being remain a key priority and we have implemented all Covid 19 government guidelines in respect of protective equipment and working practises. Relationships with customers and suppliers are also key to securing continuity of operations and as a result of quality service, we have welcomed a number of new customers this year, as well as renewing a longer-term contract. The company remains respectful of the communities in which it operates and we are in regular communication with local government and agencies responsible for the environment and infrastructure which we operate. The board of directors are committed to behaving responsibly and maintaining the reputation of the business through impeccable conduct and strong governance, sharing high quality information and conducting regular meetings.

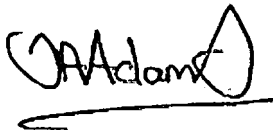
### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance team and senior management take on an important oversight role in this regard with the key risks maintained in a risk register and regularly reviewed. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively. Principal risks include normal operational airport risks and credit, liquidity and foreign exchange risks are reviewed in note 19.

The Covid 19 pandemic has had a significant impact on our people and as a business we have adapted as the situation developed in the last 6 months, carrying out a full risk assessment and implementing policies and procedures to ensure our customers and employees have been safe whilst at the airport and taking advantage of the government's job retention scheme where possible with essential employees working safely from home. The pandemic continues and the senior management continue to monitor the impact closely and adapt to circumstances as they arise.

The outcome of Brexit remains uncertain for the country but the business has considered the commercial and operational risks and the potential impact in consultation with our key scheduled customers and believes that the planning is well placed to deal with the impact of a hard border. The International Air Services Transit Agreement protecting rights of other aircraft to land for non-traffic purposes.

By order of the board

A handwritten signature in black ink, appearing to read 'Stewart Adams', with a long horizontal line underneath.

Stewart Adams  
Director

Glasgow Prestwick Airport  
Prestwick  
KA9 2PL

18th December 2020

## **Directors' Report**

The directors present their directors' report for the year ended 31 March 2020.

### **Proposed dividend**

The directors do not propose the payment of a dividend in respect of the current year (2019: £nil).

### **Directors**

The directors who held office during the year and at the date of this report were as follows:

- Stewart Adams
- Ian Forgie

## **Financial instruments**

The company's policy is to minimise the use of complex financial instruments.

## **Employees**

The Airport continues to engage fully with its employees, regularly exchanging information concerning the operation and providing them with information on matters of concern to them as employees. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

The Airport recognises its obligations to give disabled people full and fair consideration for all vacancies subject to the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Airport will retain existing employees who become disabled and at the same time provide fair opportunities for the career development of disabled people.

## **Political contributions**

The company has not made any political donations or incurred any political expenditure during the year (2019: £nil).

## **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

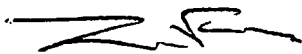
**Disclosure of information to auditor**

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

**Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Ian Forgie  
Director

18th December 2020

Glasgow Prestwick Airport  
Prestwick  
KA9 2PL

**Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

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

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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Glasgow Prestwick Airport Limited**

### **Opinion**

We have audited the financial statements of Glasgow Prestwick Airport Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and loss account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and its loss for the year then ended
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicate that the company continues to be funded by loans from Transport Scotland and may be subject to a potential sale of the company. These events and conditions along with other matters explained in note 1 constitute a material uncertainty 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.

### **Strategic report and directors' report**

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

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

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

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Lyn Nicolls (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
319 St Vincent Street  
Glasgow  
G2 5AS  
18 December 2020

**Profit and loss account**  
**for the year ended 31 March 2020**

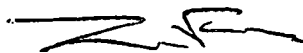
	Note	<b>2020</b> <b>£000</b>	2019 £000
<b>Turnover</b>	2	<b>33,070</b>	21,861
Cost of sales		<b>(31,035)</b>	(23,584)
<b>Gross Profit/(Loss)</b>		<u><b>2,035</b></u>	<u>(1,723)</u>
Administrative expenses		<b>(1,348)</b>	(1,399)
Other operating income		<b>16</b>	-
Other operating expenses		<b>(249)</b>	(56)
<b>Operating Profit/(Loss)</b>		<u><b>454</b></u>	<u>(3,178)</u>
Interest payable and similar charges	6	<b>(1,437)</b>	(1,289)
<b>Loss before taxation</b>	3	<u><b>(983)</b></u>	<u>(4,467)</u>
Tax on Loss	7	-	-
<b>Loss for the financial year</b>		<u><u><b>(983)</b></u></u>	<u><u>(4,467)</u></u>

All of the activities of the company are continuing. The company has no other items of comprehensive income other than the results for the current and prior financial year as set out above.

**Balance sheet**  
**at 31 March 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Investments	8	-	-
<b>Current assets</b>			
Stocks	10	302	238
Debtors	11	3,254	7,191
Cash at bank and in hand		9,992	1,419
		<b>13,548</b>	<b>8,848</b>
<b>Creditors:</b> amounts falling due within one year	12	<b>(52,723)</b>	<b>(47,040)</b>
<b>Net current liabilities</b>		<b>(39,175)</b>	<b>(38,192)</b>
<b>Total assets less current liabilities</b>		<b>(39,175)</b>	<b>(38,192)</b>
<b>Net liabilities</b>		<b>(39,175)</b>	<b>(38,192)</b>
<b>Capital and reserves</b>			
Called up share capital	15	14,371	14,371
Capital contribution reserve		15,000	15,000
Profit and loss account		<b>(68,546)</b>	<b>(67,563)</b>
<b>Shareholder's deficit</b>		<b>(39,175)</b>	<b>(38,192)</b>

These financial statements were approved by the board of directors on 18th December 2020 and were signed on its behalf by:



*Ian Forgie*  
Director

Company registered number: SC135362

## Statement of Changes in Equity

For the year ended 31 March 2020

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 April 2018	14,371	15,000	(63,096)	(33,725)
<b>Total comprehensive income for the period</b>				
Loss for the year	-	-	(4,467)	(4,467)
Total comprehensive loss for the period	-	-	(4,467)	(4,467)
<b>Balance at 31 March 2019</b>	<b>14,371</b>	<b>15,000</b>	<b>(67,563)</b>	<b>(38,192)</b>

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 April 2019	14,371	15,000	(67,563)	(38,192)
<b>Total comprehensive income for the period</b>				
Loss for the year	-	-	(983)	(983)
Total comprehensive loss for the period	-	-	(983)	(983)
<b>Balance at 31 March 2020</b>	<b>14,371</b>	<b>15,000</b>	<b>(68,546)</b>	<b>(39,175)</b>

## Notes

### **(forming part of the financial statements)**

#### **1. Accounting policies**

Glasgow Prestwick Airport Limited (the "company") is a private limited company incorporated and domiciled in Scotland in the UK. The registered number is SC135362 and its registered address is Glasgow Prestwick Airport, Aviation House, Prestwick, Ayrshire, KA9 2PL.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, TS Prestwick Holdco Ltd includes the company in its consolidated financial statements. The consolidated financial statements of TS Prestwick Holdco Ltd are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of TS Prestwick Holdco Ltd include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

## **1.2 Going concern**

The company is a member of the TS Prestwick Holdco Limited group and as such, the directors have considered forecasts and available facilities for the group as a whole.

Transport Scotland has provided written confirmation to the directors that for at least the next 12 months and for the foreseeable future it will not seek repayment of all or part of the loan facility or accrued interest until at least 31 March 2022 or the date that their shareholding is sold if this occurs prior to 31 March 2022.

The directors consider that this should enable the group to continue in operational existence for at least the next 12 months by meeting its liabilities as they fall due for payment other than the repayment of the amounts outstanding to Transport Scotland and the interest accruing thereon. As with any group placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

With regards to the amounts due to Transport Scotland the directors are pleased with further progress this year in trading performance which showed an operating profit for the first time in many years. The impact on the business of the Covid19 pandemic in the next 15 months has been financially assessed and whilst this is undoubtedly a difficulty time the directors are positive that the airport is resilient and with strong cash reserves will weather the tough economic outlook and with a focussed commercial strategy the business can return to achieving a cash 'break even' position in the future, thereby removing any immediate funding requirement from Transport Scotland.

In June 2019 the Scottish Government announced its intention to advertise the business for sale. After 5 years of ownership and the significant improvement in performance it was time to see if there was an opportunity to return it to the private ownership. A Preferred Bidder was appointed in December 2019 as part of the sale process and due diligence and negotiations were proceeding well. However, as a result of the Covid 19 pandemic it was agreed with the Preferred Bidder that it would be prudent and sensible for both parties to take a pause until the impact of the pandemic was fully understood. However, in September 2020 further discussions with the Preferred Bidder took place and it was concluded that given the Covid 19 impact on their business that they would be unable to complete the purchase transaction for some considerable time. It was agreed discussions would terminate with immediate effect. The coronavirus pandemic continues to have a devastating impact on global aviation, creating challenging circumstances for all businesses operating in the sector. However, despite this the business remains in a strong financial position and an attractive asset and during the past few months have received notes of interest from potential buyers and investors. After considering these with the board the Scottish Government announced in November 2020 its intention to re advertise the business for sale noting that proposals submitted during the sale process will be considered carefully before any decision was taken to divest their shareholding in the airport which remains an important asset to both the local and national economy.

Based on the written confirmation that Transport Scotland will continue to defer repayment of the outstanding loans and interest thereon until a suitable repayment plan or financial restructure can be agreed, accordingly the directors have prepared the financial statements on a going concern basis. Nevertheless, the conditions described above represent a material uncertainty that may cast significant doubt over the ability of the Group and Company to continue as a going concern and so to realise their assets and settle their liabilities in the normal course of events. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

### 1.3 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### 1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating credit losses, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

#### Trade and other receivables

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### Trade and other payables

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

#### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.



## 1.5 Stocks

JetA1 aviation fuel stocks are stated at the lower of cost and net realisable value. All other stocks are stated at cost.

## 1.6 Impairment excluding stocks and deferred tax assets

### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### *Non-financial assets*

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from

continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" (CGU)).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **1.8 Employee benefits**

### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

## **1.9 Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers, see note 2.

## **1.10 Investments**

Investments in subsidiary undertakings are stated at cost less provision for impairment.

## **1.11 Expenses**

### *Financing expenses*

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

## **1.12 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**2. Turnover**

	<b>2020</b>	2019
	<b>£000</b>	£000
Rendering of services	<b>33,070</b>	21,861
Total turnover	<b>33,070</b>	21,861
	<b>2020</b>	2019
	<b>£000</b>	£000
<i>By activity</i>		
Concessions	<b>801</b>	1,273
Car Parking	<b>1,553</b>	1,360
Freight	<b>3,159</b>	3,365
Fuel	<b>20,876</b>	11,766
Passenger	<b>797</b>	822
Other Aviation	<b>5,884</b>	3,275
	<b>33,070</b>	21,861

All turnover is generated in the UK.

The Company operates a number of revenue streams and accordingly applies methods for revenue recognition, based on the principles set out in IFRS 15. The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

## **2. Turnover (continued)**

The following revenue recognition criteria apply to the Group's main income streams.

### **Fuel Income:**

Aviation fuel is invoiced, priced and recognised based on the date of fuel supply and charged at the contracted or published sale price on that date.

### **Aviation income – Passenger, Freight and Charter/unscheduled flights:**

Various passenger charges for handling and security, based upon the number of departing passengers, are recognised at point of departure. Aircraft departure and arrival charges levied according to weight and time of departure/arrival, are recognised at point of departure/ arrival. Aircraft parking charges based upon a combination of weight and time parked, are recognised at point of departure. The contracts entered into are short term pricing arrangements and judgement is applied to assess the impact any contract amendments have when determining the appropriate contract term.

### **Freight Income:**

Freight aviation charges are recognised as above. Freight handling, bond storage, transhipment and ETD screening charges are all recognised when the goods leave the airport facility.

### **Car park income:**

Car parking income is recognised at the point of exit for turn-up, short and long-stay parking. Contract parking and pre-book parking is recognised over the period to which it relates on a straight-line basis. The Group considers the performance obligation is satisfied through the provision of a car park space for each day the car is parked. Where car parking is booked through a third party, income and related commissions are accounted for on a gross basis as the Group is acting as a principal, rather than an agent, through its control of the pricing and availability of car park spaces.

### **Retail concession income:**

Concession income from retail and commercial concessions is recognised in the period to which it relates on an accrual basis. The contracts entered into are long-term income-sharing concession agreements, with the concession fee based on turnover.

**3. Expenses and auditor's remuneration***Included in profit are the following:*

	<b>2020</b>	2019
	<b>£000</b>	£000
Auditor's remuneration in respect of the audit of these financial statements	<b>37</b>	41
Foreign currency loss	-	56

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, TS Prestwick Holdco Limited.

**4. Staff numbers and costs**

The average number of persons employed on a full time equivalent basis (FTE's), by the company (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>2020</b>	2019
Administrative and managerial	<b>30</b>	35
Operational	<b>264</b>	274
	<b>294</b>	309

The aggregate payroll costs of these persons were as follows:

	<b>2020</b>	2019
	<b>£000</b>	£000
Wages and salaries	<b>8,395</b>	8,578
Social security costs	<b>827</b>	781
Other pension costs	<b>380</b>	310
	<b>9,602</b>	9,669

**5. Directors' remuneration**

	<b>2020</b>	2019
	<b>£000</b>	£000
Directors' emoluments	<b>301</b>	246
Company contributions to defined contribution pension schemes	<b>44</b>	30
	<b><u>345</u></b>	<u>276</u>

The aggregate of remuneration of the highest paid director was £136,000 (2019: £131,000), and company pension contributions of £35,000 (2019: £25,000) were made to a money purchase scheme on his behalf.

**6. Financial expenses****Recognised in profit or loss**

	<b>2020</b>	2019
	<b>£000</b>	£000
Bank and other charges	<b>71</b>	39
Interest on Loan from Transport Scotland on behalf of Scottish Ministers	<b>1,366</b>	1,250
Total other interest payable and similar charges	<b><u>1,437</u></b>	<u>1,289</u>

**7. Taxation****Recognised in the profit and loss account**

	<b>2020</b>	2019
	<b>£000</b>	£000
Current year	-	-
Deferred tax expense	-	-
Total tax expense	<b><u>-</u></b>	<u>-</u>

<b>Reconciliation of effective tax rate</b>	<b>2020 £000</b>	<b>2019 £000</b>
Profit/loss for the year	<b>(983)</b>	(4,467)
Total tax credit	-	-
Loss excluding taxation	<b>(983)</b>	(4,467)
Tax using the UK corporation tax rate of 19% (2019: 19%)	<b>(187)</b>	(849)
Permanent differences	<b>23</b>	6
Current year losses for which no deferred tax asset was recognised		222
Brought forward losses for which no deferred tax asset previously recognised	<b>(731)</b>	
Group relief for nil consideration	<b>895</b>	621
Total tax expense	-	-

The company has a total unrecognised deferred tax asset of £9.5m, being made up of £8.5m (2019: £8.1m) relating to tax losses, £0.9m (2019: £1.1m) relating to accelerated capital allowances, and £0 (2019: £0) relating to other timing differences. The deferred tax asset has not been recognised due to uncertainty over its recoverability. A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly.

## 8. Investment

	<b>Shares in subsidiary undertakings £000</b>
<b>Cost</b> - At beginning and end of year	2,706
<b>Provisions</b> -At beginning and end of year	(2,706)
<b>Net book value</b>	
<b>At 31 March 2020 and 31 March 2019</b>	-

Detail of the company's subsidiary undertakings are as follows:

<b>Name</b>	<b>Registration Number</b>	<b>Country of registration</b>	<b>Principle activity</b>	<b>Percentage of ordinary shares held</b>
Airport Driving Range Company Ltd Glasgow Prestwick Airport, Aviation House, Prestwick, Ayrshire, KA9 2PL	SC076905	Scotland	Landowner	100%

**9. Property, plant and equipment**

At 31 March 2020 Property, Plant and Equipment includes £10k of right-of-use assets, with related depreciation of £10k and lease liability included in Trade Payables of £8k.

**10. Stocks**

	<b>2020</b>	2019
	<b>£000</b>	£000
Raw materials and consumables	<b>302</b>	238

**11. Debtors**

	<b>2020</b>	2019
	<b>£000</b>	£000
Trade debtors	<b>2,152</b>	3,387
Amounts owed by group undertakings	<b>962</b>	3,066
Other debtors	-	1
Other taxes and social security	-	279
Prepayments and accrued income	<b>140</b>	458
	<b>3,254</b>	7,191

On review the company assessed the impact of the lifetime expected credit losses (IFRS9) on the trade receivables. An assessment of the recoverability of this balance concluded that although the net assets of the group undertakings which this balance is due from would indicate that recoverability was uncertain Transport Scotland (the principle creditor of Glasgow Prestwick Airport Limited) has provided a letter of support to that company which the directors consider would enable the group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment other than the repayment of the amounts outstanding to Transport Scotland. Therefore the directors have not impaired the carrying value of amounts owed by group undertakings



**12. Creditors: amounts falling due within one year**

	<b>2020</b>	2019
	<b>£000</b>	£000
Trade creditors	<b>620</b>	754
Amounts owed to group undertakings	<b>1,800</b>	414
Taxation and social security	<b>626</b>	196
Accruals and deferred income	<b>1,179</b>	2,044
Loan from Transport Scotland on behalf of Scottish Ministers	<b>43,400</b>	39,900
Interest payable	<b>5,098</b>	3,732
	<b>52,723</b>	47,040

**13. Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

*Terms and debt repayment schedule*

	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Year of maturity</b>	<b>Face value 2020 £000</b>	<b>Carrying amount 2020 £000</b>	<b>Face value 2019 £000</b>	<b>Carrying amount 2019 £000</b>
Transport Scotland loan on behalf of Scottish Ministers	GBP	3.14%	On Demand	<b>43,400</b>	<b>43,400</b>	39,900	39,900

**14. Employee benefits****Defined contribution plans**

The company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £380,000 (2019: £310,000) and there was £67,000 outstanding contributions at the end of the year (2019: £50,000).

**15. Capital and reserves****Share capital**

	<b>Ordinary shares 2020</b>	
In thousands of shares		
On issue at 1 April 2019 and 31 March 2020 – fully paid	<b>14,371</b>	
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, issued and fully paid</b>		
Ordinary shares of £1 each	<b><u>14,371</u></b>	<b><u>14,371</u></b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

**16. Commitments***Capital commitments*

During the year ended 31 March 2020, the company entered no contracts to purchase property, plant and equipment which are expected to be settled in the following financial year.

**17. Related parties**

As the company was a wholly owned subsidiary of TS Prestwick Holdco Ltd at 31 March 2020, the company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of that group (or investees of the group qualifying as related parties). The consolidated financial statements of TS Prestwick Holdco Ltd can be obtained from the address given in note 18. As disclosed in note 12, the company has interest bearing loans from Scottish Government through Transport Scotland, its shareholder. The balance outstanding at the year-end is £43,400,000 (£2019: £39,900,000). In addition unpaid interest totalling £5,098,000 has been accrued (2019: £3,732,000).

## **18. Ultimate parent company and parent company of larger group**

The company is a subsidiary undertaking of TS Prestwick Holdco Ltd which is the ultimate parent company incorporated in the UK. The immediate parent company is Prestwick Aviation Holdings Limited. The ultimate controlling party is the Scottish Ministers.

The largest group in which the results of the company are consolidated is that headed by TS Prestwick Holdco Ltd incorporated in the UK. No other group financial statements include the results of the company. The consolidated financial statements of the group are available to the public from the group's registered office: Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF.

## **19. Securitisation**

There is a bond/floating charge over the company's assets in favour of Scottish Ministers.

## **20. Events after the financial year end**

The Directors have reviewed the impact of the COVID-19 virus and its potential impact on the business but believe there are no grounds for additional disclosure or provisions at this stage. There had been no other significant events affecting the company since the end of the financial year.

## **21. Accounting estimates and judgements**

There were no material estimates or judgements that require disclosure.