Glasgow Prestwick Airport Limited

Annual report and financial statements

Registered number SC135362

31 March 2018

Contents

Strategic Report

The directors present their strategic report for the year ended 31 March 2018.

For the year 31 March 2018 the company has seen an improvement in performance compared with the previous year. Passenger numbers increased by 4% and cargo volumes increased by 3% during the period. The business has benefited from positive increases to most revenue streams during the year with revenues up significantly (38.9%) over the prior year from £11.4m to £15.9m with non-scheduled and other aviation activity in particular increasing by 75% over the previous year resulting in a significant increase in income derived from fuel and aviation sales.

KEY STATS - FY18				
GPA	ACTUAL	ACTUAL	Var	Var
	17/18	16/17	YOY	YOY
Total Passengers ('000)	702	678	24	4%
Total Freight (Metric Tonnes)	11.8	11.4	0.4	3%
	£m	£m	£m	YOY
Revenue	**15.9**	**11.4**	**4.4**	**38.9%**
Underlying Operating Loss	**(4.7)**	**(6.4)**	**1.7**	**(27%)**
Non Recurring Expenditure	(0.5)	-	(0.5)	
Non Recurring Income	-	1.3	(1.3)	
Company Operating Loss before Interest and Tax	**(5.2)**	**(5.1)**	**(0.1)**	**1%**
Interest	(1.0)	(0.8)	(0.2)	25%
Tax	-	-	-	
Total Loss for Year	**(6.2)**	**(5.9)**	**(0.3)**	**4%**

Increased revenues and reductions in the cost base from the second half of the year are starting to show improvements in performance with underlying operating losses reduced year on year by £1.7m to £4.7m. The total loss for the year including loan interest was £6.2m, £0.3m higher than the previous year.

Despite a high level of Business development activity and the introduction of a revised pricing package for new route start-ups only one additional destination was added to our network with Ryanair introducing a service to Rzeszow in Poland. Uncertainty regarding Brexit is deterring operators who are delaying expansion plans and new route start-ups until the future position post Brexit is clearer. Airlines also are concerned about the continuing high level of Air Passenger Duty (APD) which clearly deters the development of additional services from the UK.

The business is ready and capable of accommodating growth in any sector without any significant lead time or financial investment required.

Strategic Report (continued)

Towards the end of the year the business benefitted from increased cargo volumes on all scheduled cargo services operated, this trend is expected to continue throughout the new financial year. Business Development activity in this area will increase with the aim of attracting more cargo services from the airfield.

During October 17 a new Chief Executive Officer was appointed to lead the business and since his arrival he has focussed on improving the overall financial performance of the company by increasing revenue and decreasing costs whilst overseeing the efforts of the commercial team to increase the customer base and review existing commercial agreements. A major project was launched during the last quarter of the year to ensure that the whole business is focussed on achieving this with significant benefits anticipated during the next financial year.

The new CEO has restructured the Executive management team for the new financial year. A new Chief Financial Officer has been appointed to work alongside the CEO to oversee revenue development and ensure stringent cost control. A new Executive position of General Manager Commercial has also been created to ensure the business is totally focused on all revenue generating areas.

The business continues to work hard to improve its financial performance by looking to grow revenue and introducing additional cost control measures to improve margins. The new senior management structure will ensure that the entire business is totally focussed on ensuring that the financial improvement seen over the last year continues.

By order of the board

Ian Forgie
Director

Glasgow Prestwick Airport
Prestwick
KA9 2PL
October 2018

Directors' Report

The directors present their directors' report for the year ended 31 March 2018.

Proposed dividend

The directors do not propose the payment of a dividend in respect of the current year *(2017: £nil)*.

Directors

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

• Stewart Adams	appointed	01/11/17
• Ian Forgie	appointed	09/04/18
• Andrew Miller	resigned	01/09/17
• Ronald Smith	resigned	31/10/17
• Derek Banks	resigned	03/04/18

Financial instruments

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

Employees

The company 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 company will retain existing employees who become disabled and at the same time provide fair opportunities for the career development of disabled people.

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.

Political contributions

The company has not made any political donations or incurred any political expenditure during the year (2017: £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 on pages 1-2.

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

Directors' Report (continued)

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

Glasgow Prestwick Airport
Prestwick
KA9 2PL
October 2018

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 2018 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 2018 and of 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 are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We draw attention to note 1 to the financial statements on page 13 which indicates that the company continues to be funded by loans from Transport Scotland and would need to effect a significant transformation of its business to be able ultimately repay the loan. Accordingly, the company is reliant on a letter of support from Transport Scotland to fund any future losses and necessary capital expenditure and also not to request repayment of the amounts currently outstanding to Transport Scotland; as with such letters there remains a doubt whether this can be enforced in the event that such a need arises. This, 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:

Independent auditor's report to the members of Glasgow Prestwick Airport Limited
(continued)

- 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 5, 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.

Independent auditor's report to the members of Glasgow Prestwick Airport Limited
(continued)

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.

Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

29 November 2018

Profit and loss account

for the year ended 31 March 2018

	Note	2018	2017
		£000	£000
Turnover	2	**15,864**	11,422
Cost of sales		**(19,675)**	(14,974)
Gross loss		**(3,811)**	(3,552)
Administrative expenses		**(1,170)**	(1,501)
Other operating expenses		**(178)**	(43)
Operating loss		**(5,159)**	(5,096)
Interest payable and similar charges	6	**(1,024)**	(789)
Loss before taxation	3	**(6,183)**	(5,885)
Tax on loss	7	-	-
Loss for the financial year		**(6,183)**	(5,885)

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 2018

	Note	**2018**	2017
		£000	£000
Fixed assets			
Investments	8	-	-
		-	-
Current assets			
Stocks	9	**218**	213
Debtors	*10*	**7,995**	3,823
Cash at bank and in hand		**2,580**	3,876
		10,793	7,912
Creditors: amounts falling due within one year	*11*	**(44,518)**	(35,454)
Net current liabilities		**(33,725)**	(27,542)
Total assets less current liabilities		**(33,725)**	(27,542)
Net liabilities		**(33,725)**	(27,542)
Capital and reserves			
Called up share capital	*14*	**14,371**	14,371
Capital contribution reserve		**15,000**	15,000
Profit and loss account		**(63,096)**	(56,913)
Shareholder's deficit		**(33,725)**	(27,542)

These financial statements were approved by the board of directors on 26 November 2018 and were signed on its behalf by:

Ian Forgie
Director

Company registered number: SC135362

Statement of Changes in Equity

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 April 2016	14,371	15,000	(51,028)	(21,657)
Total comprehensive income for the period				
Loss for the year	**-**	**-**	**(5,885)**	**(5,885)**
Total comprehensive loss for the period	-	-	(5,885)	(5,885)
Balance at 31 March 2017	**14,371**	**15,000**	**(56,913)**	**(27,542)**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 April 2017	14,371	15,000	(56,913)	(27,542)
Total comprehensive income for the period				
Loss for the year	**-**	**-**	**(6,183)**	**(6,183)**
Total comprehensive loss for the period	-	-	(6,183)	(6,183)
Balance at 31 March 2018	**14,371**	**15,000**	**(63,096)**	**(33,725)**

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"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 and effective immediately have been applied.

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 Accounting policies *(continued)*

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 12 months and for the foreseeable future it will continue to make available such funds as are needed by the group to pay its liabilities as they fall due and fund further losses and capital expenditure and will not seek repayment of the amounts currently outstanding until the group is in a position to do so. The directors consider that this should 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 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 currently reviewing the strategic options for the group with a view to reducing the trading losses further and achieving a cash 'break even' position thereby reducing the funding received annually from Transport Scotland. However, the Group would need to effect a significant transformation of the airport and therefore its underlying performance to be able to ultimately repay the amounts outstanding to Transport Scotland. Alternatively, the directors may seek the restructure of the current Transport Scotland loans to a form of equity instrument.

Based on the written confirmation of support and additional funding received from Transport Scotland the directors are satisfied the Group will continue to operate and settle it's trading liabilities as they fall due, and also that Transport Scotland will continue to defer repayment of the outstanding loans and interest thereon until a suitable repayment plan or restructure can be agreed and provide further financial support as required, accordingly they 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

1.3 Foreign Currency (continued)

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, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

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 creditors

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 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

1.6 Stocks

JetA1 aviation fuel stocks are stated at the lower of cost and net realisable value. Non JetA1 aviation fuel stocks are stated at cost less provision for impairment.

1.7 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

1.7 Impairment excluding stocks and deferred tax assets *(continued)*

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").

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 profit and loss account 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.

1.10 Investments

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

1.11 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1.11 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

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

	2018	2017
	£000	£000
Rendering of services	**15,864**	11,422
Total turnover	**15,864**	11,422

	2018	2017
By activity	**£000**	£000
Concessions	**1,376**	1,377
Car Parking	**1,497**	1,457
Freight	**2,835**	2,547
Fuel	**6,029**	2,949
Passenger	**850**	823
Other Aviation	**3,277**	2,269
	15,864	11,422

All turnover is generated in the UK.

3. Expenses and auditor's remuneration

Included in loss are the following:

	2018	2017
	£000	£000
Hire of plant and machinery - rentals payable under operating leases	**4**	29
Auditor's remuneration in respect of the audit of these financial statements	**20**	20
Foreign currency loss	**178**	43

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 by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Administrative and managerial	**34**	29
Operational	**281**	274
	315	303

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	**8,347**	8,183
Social security costs	**774**	739
Other pension costs	**285**	237
	9,406	9,159

5. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	**268**	260
Company contributions to defined contribution pension schemes	**16**	6
Compensation for loss of office	**61**	-
	345	266

The aggregate of remuneration of the highest paid director was £96,000 *(2017: £101,000)*, and company pension contributions of £6,000 *(2016: £3,000)* were made to a money purchase scheme on his behalf. The 2017 costs have been restated to correct a reporting error.

Retirement benefits are also accruing to three directors *(2017: three)* under money purchase schemes).

6. Interest payable and similar charges

	2018 £000	2017 £000
On bank and other charges	**37**	44
Loan from Transport Scotland on behalf of Scottish Ministers	**987**	745
Total other interest payable and similar charges	**1,024**	789

7. Taxation

Recognised in the profit and loss account

	2018 £000	£000	2017 £000	£000
UK corporation tax				
Current tax on loss for the year	-		-	
Total current tax		-		-
Tax on loss		-		-

Reconciliation of effective tax rate

	2018 £000	2017 £000
Loss for the year	**(6,183)**	(5,885)
Total tax credit	-	-
Loss excluding taxation	**(6,183)**	(5,885)
Tax using the UK corporation tax rate of 19 % (2017: 20%)	**(1,175)**	(1,177)
Permanent differences	**2**	4
Current year losses for which no deferred tax asset was recognised	**1,173**	1,173
Total tax expense	-	-

The company has a deferred tax asset of £ 7,859,000 *(2017: £6,933,000)* relating to tax losses, £1,069,000 *(2017: £1,068,000)* relating to accelerated capital allowances and £nil *(2017: £7,000)* relating to other timing differences which has not been recognised due to uncertainty over its recoverability.

7 Taxation *(continued)*

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

8. Investment

	Shares in subsidiary undertakings £000
Cost	
At beginning and end of year	2,706
Provisions	
At beginning and end of year	(2,706)
Net book value	
At 31 March 2018 and 31 March 2017	-

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

Name	**Country of registration**	**Principle activity**	**Percentage of ordinary shares held**
Airport Driving Range Company Ltd	Scotland	Landowner	100%

9. Stocks

	2018 £000	2017 £000
Raw materials and consumables	**218**	213

10. Debtors

	2018 £000	2017 £000
Trade debtors	**2,809**	1,620
Amounts owed by group undertakings	**3,117**	962
Other debtors	**2**	-
Other taxes and social security	**574**	516
Prepayments and accrued income	**1,493**	725
	7,995	3,823

11. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	**202**	38
Amounts owed to group undertakings	**414**	414
Taxation and social security	**252**	204
Accruals and deferred income	**2,768**	2,903
Loan from Transport Scotland on behalf of Scottish Ministers	**38,400**	30,400
Interest payable	**2,482**	1,495
	44,518	35,454

12. 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

	Currency	**Nominal interest rate**	**Year of maturity**	**Face value 2018 £000**	**Carrying amount 2018 £000**	**Face value** 2017 £000	**Carrying amount** 2017 £000
Transport Scotland loan on behalf of Scottish Ministers	GBP	2.93%	On Demand	**38,400**	**38,400**	30,400	30,400

13. 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 £285,000 *(2017: £237,000)* and there were no outstanding contributions at the end of the year *(2017: £44,000)*.

14. Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2018
On issue at 1 April 2017 and 31 March 2018 – fully paid	**14,371**

	2018 £000	2017 £000
Allotted, issued and fully paid		
Ordinary shares of £1 each	**14,371**	14,371

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.

15. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £'000	2017 £000
Less than one year	**8**	8
Between one and five years	**16**	24
More than five years	**-**	-
	24	32

During the year £38,000 was recognised as an expense in the income statement in respect of operating leases *(2017: £23,000)*.

16. Commitments

Capital commitments

During the year ended 31 March 2018, 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 2018, 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 £38,400,000 *(£2017: £30,400,000)* with unpaid interest totalling £2,482,000 *(2017: £1,495,000)*.

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. Subsequent events

There are no subsequent events which require to be disclosed.