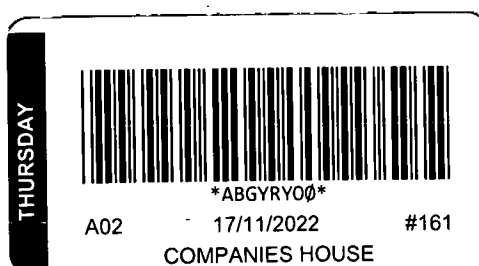


Registered number: 02076096

CARDIFF INTERNATIONAL AIRPORT LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**



CARDIFF INTERNATIONAL AIRPORT LIMITED

COMPANY INFORMATION

Directors	Mr J G Davies Mr S D Birns Mr T D Morgan Ms F C Gunn (resigned 30 June 2022) Mr W H Harvey Mr D M Walters Mrs P A Jessopp (appointed 1 September 2022) Ms C Mashlan (appointed 1 May 2022)
Company Secretary	Mr D M Walters
Registered number	02076096
Registered office	Cardiff Airport Vale of Glamorgan CF62 3BD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

CARDIFF INTERNATIONAL AIRPORT LIMITED

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CARDIFF INTERNATIONAL AIRPORT LIMITED

**STATEMENT FROM THE CHAIR
FOR THE YEAR ENDED 31 MARCH 2022**

The chairman presents his statement for the period.

Signs of recovery with challenges ahead.

I am pleased to present the statement from the Chair.

The 2021/22 financial year continued to be a challenging one for the airport. The Covid-19 pandemic continued to impact the aviation sector with restrictions on travel in Wales not lifted until February 2022.

The aviation industry will take several years to recover to pre-Covid levels. In addition the current cost of living crisis is exacerbating the ability of businesses to trade efficiently. Nonetheless the airport continues to make progress, despite the increasing cost burdens that we and our partners face. This will inevitably make our return to profitability a slower journey.

We have maintained operational capabilities of the airport, meeting the stringent regulatory requirements to ensure safe and secure operations for our customers. Maintaining efforts to increase our revenue streams has remained a high priority for the executive team. We have welcomed Wizz Air to their new base at the airport, but along with many other airlines they have faced challenges with staffing and major fuel price increases. This has resulted in a reduction in their Winter 2022 programme. The team is working on restoring their programme for Summer 2023 and flights are already on sale. In addition, the team continue to explore opportunities with a range of airline partners.

The airport team is focussed on cost control and maintaining appropriate staffing levels. Energy cost stability has also been a key objective. The installation of the Solar farm in 2023 will significantly assist in these efforts locking in electricity costs for a long-term period.

Looking ahead we have some major CAPEX projects to prepare for. Air Space Change, Runway Rehabilitation, Carbon Net Zero and Next Generation Security are the most significant ones. Next Generation Security is being factored into our preparations over the coming two years, investing in the next generation of safety and security technology as required by DFT, ensuring we remain compliant in time for the UK Government's operational implementation deadline of June 2024. This will also provide an improved passenger experience and reassurance.

During the financial year we drew down grant funding from Welsh Government in line with the terms of the grant agreement. Some of the grant drawn to date was released to the profit and loss account and forms part of the EBITDA.

I would like to thank Fiona Gunn for her outstanding contribution as a non-executive director to our business. We welcome Anne Jessop to the board. Anne joined as non-executive director on September 1st 2022.

The dedication and professionalism of all of our staff continues to be unwavering. On behalf of the Board I would like to thank them all.

On behalf of the Board

Name Mr W H Harvey
Chairman

Wayne Harvey

Date 4/10/2022

CARDIFF INTERNATIONAL AIRPORT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report and financial statements of Cardiff International Airport Limited ("the Company") for the year ended 31 March 2022.

Review of business and future developments

Passenger numbers for the year to 31 March 2022 were 188,056, a 284% increase on the year to 31 March 2021.

Despite this year-on-year increase against the first year impacted by the Covid-19 Crisis, the business only realised a 12% recovery in the period covered by this report against the last reported pre-Pandemic year.

In Wales the full freedom for overseas travel was only eased in Mid-February 2022. The frequent changes in travel restrictions in 2021 had a particular impact on the freedom to travel. This included the impact of the Omicron variant which had resulted in further tightening of travel restrictions and resultant lockdowns in the period from November 2021 to January 2022.

With all the vaccination and testing requirements to enter the UK and many other countries globally, the airlines have found it extremely challenging to recover their volumes. This has had a knock-on effect on activity at Cardiff in this financial reporting year.

The business focus in the financial year was predicated on gearing for recovery and making use of the Rescue and Restructuring financial support that the business has received from Welsh Government. This financial support has enabled the airport to navigate the financial constraints whilst ensuring the business fully met the regulatory obligations for operating a safe and secure airport.

Following the easement on travel restrictions to enter the UK and the opening of travel for fully vaccinated passengers in many other countries, the airport has seen the much-anticipated return of desire to travel by many people living in and visiting Wales. Their journey purposes have been varied, and are predominantly related to holidays, visiting relatives, and return of business engagement.

This return to volumes of passengers has demonstrated that there is strong pent-up demand for travel and leaves the airport in a position of confidence that it will recover its passenger volumes by 50% in the following financial period. The business is expecting to see service resumption on 28 routes in 2022 and momentum building on further recovery of services into 2023, enabling further recovery in passenger volumes.

However, it should be noted that significant challenges are taking place in the industry and in the wider macroeconomic environment in 2022. This will impact airline viability during this recovery process. The war in Ukraine has spiked fuel costs globally. Fuel is a major cost for aircraft operators and these unexpected surges in costs will impact commercial decisions at airlines. This is going to be exacerbated further by the cost-of-living challenges being experienced across Europe. The rapid rise in inflation in the UK and issues with staff retention in the respective elements of the industry supply chain are all coming together to make the situation very acute. Opportunity costs are going to become an important viability factor and regular trend during the next 12 months, determining how airlines deploy their aircraft capacity.

The airport continues to plan for diversification of income as part of our recovery plan and expects to see continued facilitation of the British Airways Maintenance Repair and Overhaul (MRO) activities for their Boeing fleet following significant consolidation into this major engineering centre at BAMC.

The airport also expects to see further growth in demand for the use of the airport facilities in the private travel element of the sector, which is predicated on the growth of activities at our Fixed Based Operators (FBO's), through Signature, Dragonfly and Global Trek respectively.

CARDIFF INTERNATIONAL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties
Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

The directors have delegated the responsibility of monitoring the financial risk management to a sub-committee of the Board, the Audit Committee. The policies set by the Audit Committee are implemented by the Company's Finance Department.

Credit Risk

The Company has implemented policies that require adequate credit checks on potential customers before sales are made.

Liquidity Risk

The Company uses appropriately termed debt finance that is designed to ensure that it has sufficient funds for operations.

Interest Rate Cash Flow Risk

The Company has interest bearing liabilities. The Company has a policy of maintaining debt at fixed and floating rates to manage certainty of future interest cash flows. The directors will revisit the appropriateness of this arrangement should the Company's operations change in size or nature.

Financial key performance indicators

The key performance indicators used by management to assess the performance of the business are passenger numbers and Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA").

	2022 '000	2021 '000
Passenger Numbers	188	49
	£'000	£'000
EBITDA (before exceptional items)	1,400	(5,747)
Depreciation and amortisation	(3,470)	(10,044)

The EBITDA of £1.4m is after a release of £7.9m of government grant received in relation to the rescue and re-structure aid.

Dividends

No dividends will be distributed for the year ended 31 March 2022 (2021: £Nil).

This report was approved by the board on 4/10/2022 and signed on its behalf.

Mr S D Birns
Director

Spencer Birns

CARDIFF INTERNATIONAL AIRPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activity

The principal activity of the Company continued to be that of the operation, management and control of Cardiff Airport.

Results and dividends

The loss for the year, after taxation, amounted to £3,154 thousand (2021 - profit £17,617 thousand).

No dividends were declared or paid during the year (2021: £Nil).

Directors

The directors who served during the year were:

Mr J G Davies
Mr S D Birns
Mr T D Morgan
Ms F C Gunn (resigned 30 June 2022)
Mr W H Harvey
Mr D M Walters

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4/10/2022 and signed on its behalf.

Spencer Birns

Mr S D Birns
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF INTERNATIONAL AIRPORT LIMITED

Opinion

We have audited the financial statements of Cardiff International Airport Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF INTERNATIONAL AIRPORT
LIMITED (CONTINUED)**

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF INTERNATIONAL AIRPORT
LIMITED (CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF INTERNATIONAL AIRPORT
LIMITED (CONTINUED)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management;
- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to employment, health & safety, data protection and environment issues, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the Company's control environment;
 - the Company's relevant controls over areas of significant risks; and
 - the Company's business processes in respect of classes of transactions that are significant to the financial statements;
- Audit procedures performed by the engagement team included:
 - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions;



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF INTERNATIONAL AIRPORT
LIMITED (CONTINUED)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory requirements specific to the Company;
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

Use of our report

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

Grant Thornton UK LLP

Rhian Owen BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
Date: 4/10/2022

CARDIFF INTERNATIONAL AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £000	2021 £000
Turnover	4	10,646	8,474
Cost of sales		(282)	(1,242)
Gross profit		10,364	7,232
Administrative expenses		(22,998)	(20,942)
Other operating income	5	10,564	4,263
Exceptional other operating charges	12	-	30,388
Operating (loss)/profit		(2,070)	20,941
Interest receivable and similar income	9	19	10
Interest payable and similar expenses	10	(1,100)	(3,331)
(Loss)/profit before tax		(3,151)	17,620
Tax on (loss)/profit	11	(3)	(3)
(Loss)/profit for the financial year		(3,154)	17,617
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		220	352
Movement of deferred tax related to defined benefit pension scheme		(18)	(36)
De-recognition of pension surplus		(291)	(159)
Other comprehensive income for the year		(89)	157
Total comprehensive (loss)/income for the year		(3,243)	17,774

The notes on pages 14 to 34 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED
REGISTERED NUMBER:02076096

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Tangible assets	14		28,956		31,597
			<u>28,956</u>		<u>31,597</u>
Current assets					
Stocks	16	190		140	
Debtors: amounts falling due within one year	17	2,493		2,742	
Cash at bank and in hand	18	10,084		11,350	
		<u>12,767</u>		<u>14,232</u>	
Creditors: amounts falling due within one year	19	(14,956)		(16,040)	
Net current liabilities			<u>(2,189)</u>		<u>(1,808)</u>
Total assets less current liabilities			<u>26,767</u>		<u>29,789</u>
Creditors: amounts falling due after more than one year	20		(27,208)		(27,208)
Pension asset	24		292		477
Net (liabilities)/assets			<u>(149)</u>		<u>3,058</u>
Capital and reserves					
Called up share capital	22		56,120		56,120
Profit and loss account	23		(56,269)		(53,062)
			<u>(149)</u>		<u>3,058</u>

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

Spencer Birns

Mr S D Birns
Director

4/10/2022

David Walters

Mr D M Walters
Director

4/10/2022

The notes on pages 14 to 34 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2020	56,120	6,525	(71,018)	(8,373)
Profit for the year	-	-	17,617	17,617
Actuarial gains on pension scheme	-	-	352	352
Deferred tax movements on defined benefit pension scheme	-	-	(36)	(36)
De-recognition of defined benefit pension surplus	-	-	(159)	(159)
Transfer to/from profit and loss account	-	(6,343)	182	(6,161)
Transfer between other reserves	-	(182)	-	(182)
At 1 April 2021	56,120	-	(53,062)	3,058
Loss for the year	-	-	(3,154)	(3,154)
Actuarial gains on pension scheme	-	-	220	220
Deferred tax movement on defined benefit pension scheme	-	-	18	18
De-recognition of defined benefit pension surplus	-	-	(291)	(291)
At 31 March 2022	56,120	-	(56,269)	(149)

The notes on pages 14 to 34 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

1. General information

Cardiff International Airport Limited is a Company limited by shares and incorporated in England and Wales. The registered office is Cardiff Airport, Vale of Glamorgan, UK, CF62 3BD. The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

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 Company is exempt from the requirement to prepare group accounts under section 405 of the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report which forms part of the Directors' report. The Directors' report also describes the financial position of the Company, its cash flows, liquidity position and borrowing facilities as well as policies and processes for managing working capital requirements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In forming this view, they have considered the current position of the Company, the forecast position and the continued support of Welsh Government.

In March 2021, Welsh Government announced a five year package of financial support. This was in the form of a £42.6m grant for rescue and restructure purposes under the UK-EU Trade and Cooperation Agreement. Based on their assessment, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Cash flow statement

The Company has taken advantage of the disclosure exemptions allowed in Section 7 Statement of Cash Flows as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The information is included in the consolidated financial statements of Welsh Government.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

2. Accounting policies (continued)**2.4 Revenue**

Traffic income and Commercial income are earned from movements of aircraft and people, trading revenues and others, which are all recorded when the service is rendered. Tenant income is earned based on contractual agreed terms.

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:

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.

2.5 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.

2.6 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.7 Interest income

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

2.8 Borrowing costs

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

2. Accounting policies (continued)

2.9 Retirement benefits

The Company operates defined contribution and defined benefit pension schemes.

The pension costs in respect of the defined contribution pension schemes comprise contributions payable in respect of the period.

The assets of the defined benefit scheme are measured using bid market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the defined benefit scheme expected to arise from employee service in the period is charged to operating profit. Interest on the net pension liabilities (the difference between the scheme's assets and the present value of the scheme's liabilities), arising from the passage of time, is included in net interest payable.

Actuarial gains and losses are recognised in the statement of total comprehensive income.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

2.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Intangible assets

The intangible assets relate to contractual rights obtained by the Company for the provision of services. A contract related asset is recognised as an intangible asset when it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight line method.

The estimated useful lives range as follows:

Contract rights	-	10	years
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CARDIFF INTERNATIONAL AIRPORT LIMITED

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

2. Accounting policies (continued)**2.14 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Freehold property	- Up to 50 years
Plant and machinery	- 3 - 20 years
Runways, taxiways and other similar structures	- 5 - 75 years

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.

2.15 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

2. Accounting policies (continued)**2.16 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each balance sheet 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.

2.19 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.

2.20 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.

2.21 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.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

2. Accounting policies (continued)**2.22 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, loans to related parties and investments in ordinary shares.

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 Statement of comprehensive income.

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 balance sheet date.

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements. The key areas are summarised below:

Depreciation

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated to their residual values over their estimated useful lives.

Provisions for trade debtors

The Company exercises judgement to determine a provision for trade debtors which may not be collected. This provision is an estimate based on management's understanding, knowledge of customers and historic trends.

Accruals

The Company exercises judgement to determine the level of accruals required for expenditure incurred in the financial year for which payment remains outstanding at the year-end. At the end of each reporting period, management assesses the accruals that are required based upon their experience of prior periods and known items.

Impairment of tangible assets

The Company exercises judgement to determine any impairment of tangible assets. Management assess the recoverability of such assets based on the forecast economic benefit the asset will generate over its useful life or its fair value at the balance sheet date.

Government grants

The Company exercises judgement to determine the amounts relating to government grants released to the statement of total comprehensive income.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

4. Turnover

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

	2022	2021
	£000	£000
Traffic income	3,092	2,602
Commercial income	6,555	4,831
Tenant income	999	1,041
	10,646	8,474

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	9,861	8,175
Rest of Europe	503	146
Rest of the world	282	153
	10,646	8,474

5. Other operating income

	2022	2021
	£000	£000
Other operating income	593	248
Government grants receivable	8,910	2,515
Sundry income	1,061	1,500
	10,564	4,263

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

6. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	23	22
Fees payable to the Company's auditor and its associates in respect of:		
Non audit fees	1	1

7. Employees

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

	2022 £000	2021 £000
Wages and salaries	7,252	7,813
Social security costs	658	712
Cost of defined contribution scheme	666	612
	8,576	9,137

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

	2022 No.	2021 No.
Operations	179	200
Management and support services	88	105
Directors	6	7
	273	312

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	319	344
Company contributions to defined contribution pension schemes	21	25
	<u>340</u>	<u>369</u>

The highest paid director received remuneration of £120,000 (2021 - £106,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,000 (2021 - £9,000).

9. Interest receivable

	2022 £000	2021 £000
Bank and other interest	8	-
Net defined benefit pension interest	11	10
	<u>19</u>	<u>10</u>

10. Interest payable and similar expenses

	2022 £000	2021 £000
Loans from group undertakings	1,077	3,268
Other interest payable	23	63
	<u>1,100</u>	<u>3,331</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

11. Taxation

	2022 £000	2021 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	3	3
Total deferred tax	3	3
Taxation on loss/profit on ordinary activities	3	3

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
(Loss)/profit on ordinary activities before tax	(3,151)	17,620
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%(2021: 19%)	(599)	3,348
Effects of:		
Fixed asset differences	139	2,590
Expenses not deductible	3	252
Other tax adjustments	(15)	39
Deferred tax not recognised	475	(6,226)
Total tax charge for the year	3	3

12. Exceptional items

	2022 £000	2021 £000
Impairment of fixed assets	-	12,212
Loan write off	-	(42,600)
	-	(30,388)

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

13. Intangible assets

	Contract rights £000
Cost	
At 1 April 2021	32,921
At 31 March 2022	32,921
Amortisation	
At 1 April 2021	32,921
At 31 March 2022	32,921
Net book value	
At 31 March 2022	-
At 31 March 2021	-

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Runways, taxiways and other similar structures £000	Total £000
Cost or valuation				
At 1 April 2021	37,502	24,547	20,577	82,626
Additions	110	593	126	829
At 31 March 2022	37,612	25,140	20,703	83,455
Depreciation				
At 1 April 2021	22,504	16,729	11,796	51,029
Charge for the year on owned assets	1,218	1,568	684	3,470
At 31 March 2022	23,722	18,297	12,480	54,499
Net book value				
At 31 March 2022	13,890	6,843	8,223	28,956
At 31 March 2021	14,997	7,818	8,782	31,597

£4,730,000 (2021: £4,730,000) of the above balance relates to land which is not depreciated.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

15. Fixed asset investments**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Cardiff Airport Services Limited	Cardiff Airport, Vale Of Glamorgan, CF62 3BD	Ordinary	100%

16. Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	190	140

17. Debtors

	2022 £000	2021 £000
Trade debtors	2,022	1,228
Other debtors	141	921
Prepayments and accrued income	330	347
Grants receivable	-	246
	2,493	2,742

An impairment loss of £4,000 (2021: £8,000) was recognised against trade debtors.

18. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	10,084	11,350

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

19. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	1,870	1,703
Amounts owed to group undertakings	4	-
Other taxation and social security	320	410
Other creditors	216	68
Accruals and deferred income	4,474	3,859
Government grants	8,072	10,000
	<u>14,956</u>	<u>16,040</u>

20. Creditors: Amounts falling due after more than one year

	2022	2021
	£000	£000
Other loans	<u>27,208</u>	<u>27,208</u>

Other loans relate to amounts owed to Welsh Government. Repayments commence in 2031 via installments, and interest is charged at a rate of 4.5% per annum.

21. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£000	£000
Amounts falling due after more than 5 years		
Other loans	<u>27,208</u>	<u>27,208</u>

22. Share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
56,119,861 (2021 - 56,119,861) Ordinary shares of £1 each	<u>56,120</u>	<u>56,120</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

23. Reserves

Revaluation reserve

The revaluation reserve includes historic gains and losses on the revaluation of tangible fixed assets.

Profit and loss account

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

24. Retirement benefit schemes

Defined Contribution Scheme

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The charge to the profit and loss account in respect of defined contribution schemes was £666,000 (2021: £612,000).

Defined Benefit Scheme

The Company participates in the Citrus Pension Scheme ("Citrus"). The Citrus scheme is a multi-employer pension scheme, with separate assets for each employer's section.

The last formal valuation of the Citrus scheme was carried out on 31 March 2020. The valuation as at 31 March 2022 has been projected by independent actuaries based on the last formal valuation. The roll-forward allows for:

- Changes in financial assumptions
- Additional benefit accrual
- Actual deferred pension revaluation and inflation since 31 March 2020
- Pension increases in line with the rules of the Section and reflecting actual inflation since 31 March 2020
- Benefits paid
- Data as summarised in the next section

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

24. Retirement benefit schemes (continued)

Reconciliation of present value of plan liabilities:

	2022 £000	2021 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	10,370	10,644
Current service cost	123	123
Interest cost	197	239
Actuarial gain	(312)	(290)
Contributions	22	26
Benefits paid	(401)	(470)
Administration costs	32	59
Deferred tax on actuarial gain/loss	(15)	39
At the end of the year	10,016	10,370

Reconciliation of present value of plan assets:

	2022 £000	2021 £000
At the beginning of the year	10,847	10,967
Interest income	208	249
Contributions by Employer	15	172
Actuarial losses/gains	(92)	62
Contributions by Plan participants	22	26
Benefits paid	(401)	(470)
Derecognition of surplus	(291)	(159)
At the end of the year	10,308	10,847

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

24. Retirement benefit schemes (continued)

Composition of plan assets:

	2022	2021
	£000	£000
Equities	796	589
Multi Asset Credit funds	5,628	4,597
Diversified Growth Funds and Hedge Funds	632	2,049
Liability - driven Investments	3,239	3,327
Cash and cash equivalents	2,951	2,930
Total plan assets	13,246	13,492
	2022	2021
	£000	£000
Fair value of plan assets	10,308	10,847
Present value of plan liabilities	(10,016)	(10,370)
Net pension scheme asset	292	477

The amounts recognised in profit or loss are as follows:

	2022	2021
	£000	£000
Current service cost	123	123
Past service cost and administration costs	32	59
Net interest on net defined benefit surplus	(11)	(10)
Total	144	172

The Company expects to contribute £133,000 to its Defined benefit pension scheme in 2023.

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

24. Retirement benefit schemes (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	2.7	1.95
Future salary increases	3	1.5
Future pension increases	3.65	3.3
Proportion of employees opting for early retirement	2.35	2.25
Inflation assumption	3.85	3.4
Mortality rates		
- for a male aged 65 now	20.9	21
- at 65 for a male aged 45 now	22.8	23.8
- for a female aged 65 now	24.9	24.6
- at 65 for a female member aged 45 now	26	26.6

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Defined benefit obligation	(9,919)	(10,258)	(10,571)	(11,395)	(10,672)
Related deferred tax asset/(liability)	(97)	(112)	(73)	(110)	(81)
Scheme assets	10,308	10,847	10,967	11,957	11,118
Surplus	292	477	323	452	365

CARDIFF INTERNATIONAL AIRPORT LIMITED

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

25. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£000	£000
Not later than 1 year	244	307
Later than 1 year and not later than 5 years	384	636
	628	943

26. Related party transactions

Key management personnel are deemed to be statutory directors of the Company. Their remuneration is disclosed in note 8.

The Company has taken advantage of the exemption permitted under FRS 102, and not disclosed transactions between group entities that are wholly owned.

27. Controlling party

The immediate parent undertaking is WGC Holdco Limited, registered in England and Wales, which in turn is a wholly owned subsidiary of the Welsh Government.