

Company Registration No. SC130620 (Scotland)

PRESTWICK AVIATION HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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PRESTWICK AVIATION HOLDINGS LIMITED

COMPANY INFORMATION

Directors

F Black
B Corcoran
I Forgie
W Mackie
W McPherson
P Neep
V Scoular
J Merrill

Company number

SC130620

Registered office

Glasgow Prestwick International Airport
Aviation House
Prestwick
Ayrshire
United Kingdom
KA9 2PL

Auditor

Azets Audit Services
6th Floor, Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

PRESTWICK AVIATION HOLDINGS LIMITED

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PRESTWICK AVIATION HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activities and future developments

The principal activity of the company is as the holding company of the legal entities that collectively own and operate Glasgow Prestwick Airport. There are no planned changes in the future in relation to the principal activity of the company. The director has reviewed the ongoing impact of the COVID-19 virus and its potential impact on the business and believes there are no grounds for additional disclosure or provisions.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Adams	(Resigned 26 August 2021)
F Black	(Appointed 18 October 2021)
B Corcoran	
I Forgie	
W Mackie	(Appointed 10 October 2021)
W McPherson	(Appointed 10 October 2021)
A Miller	(Resigned 31 October 2021)
P Neep	
V Scoular	
J Merrill	(Appointed 14 December 2021)

Financial instruments

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

Political donations

The company has not made any political donations or incurred any political expenditure during the year (2020: £nil).

Auditor

Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



I Forgie

Director

Date: 20 December 2021

PRESTWICK AVIATION HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- 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.

PRESTWICK AVIATION HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRESTWICK AVIATION HOLDINGS LIMITED

Opinion

We have audited the financial statements of Prestwick Aviation Holdings Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

PRESTWICK AVIATION HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PRESTWICK AVIATION HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PRESTWICK AVIATION HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PRESTWICK AVIATION HOLDINGS LIMITED

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

PRESTWICK AVIATION HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PRESTWICK AVIATION HOLDINGS LIMITED

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.

Azets Audit Services

Laura Hinsley FCCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: *20 December 2021*

Chartered Accountants
Statutory Auditor

6th Floor, Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

PRESTWICK AVIATION HOLDINGS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £'000	2020 £000
Revenue		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		-	-
Finance costs		-	-
		<hr/>	<hr/>
Profit before taxation		-	-
Tax on profit		-	-
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		-	-
		<hr/> <hr/>	<hr/> <hr/>

PRESTWICK AVIATION HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £'000	£'000	2020 £000	£000
Current assets					
Trade and other receivables	6	413		413	
Net current assets			<u>413</u>		<u>413</u>
Equity					
Called up share capital	7		59		59
Share premium account	8		254		254
Capital redemption reserve	9		<u>100</u>		<u>100</u>
Total equity			<u>413</u>		<u>413</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2021 and are signed on its behalf by:



I Forgie
Director

Company Registration No. SC130620

PRESTWICK AVIATION HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Total £'000
Balance at 1 April 2019	59	254	100	413
Year ended 31 March 2020:				
Balance at 31 March 2020	<u>59</u>	<u>254</u>	<u>100</u>	<u>413</u>
Year ended 31 March 2021:				
Balance at 31 March 2021	<u><u>59</u></u>	<u><u>254</u></u>	<u><u>100</u></u>	<u><u>413</u></u>

PRESTWICK AVIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Prestwick Aviation Holdings Limited is a private company limited by shares incorporated in Scotland. The registered office is Glasgow Prestwick Airport, Aviation House, Prestwick, Ayrshire, United Kingdom, KA9 2PL. The principal activity of the company is as the holding company of the legal entities that collectively own and operate Glasgow Prestwick Airport. The company will continue with this activity for the foreseeable future.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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 £'000.

The financial statements have been prepared under the historical cost convention, except for the revaluation of . The principal accounting policies adopted are set out below.

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 capital management; and
- The effects of new but not yet effective IFRSs.

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 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.

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.

PRESTWICK AVIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.2 Going concern

The company is a member of the TS Prestwick Holdco Limited group and as such, the directors have considered going concern for the group as a whole

The Group continues to see a positive trajectory in performance over the last 5 years. That combined with recent new appointments to the board and the confidence and support of our shareholder, the directors believe in the medium to long term, the airport can continue the success of recent years. The financial statements have therefore been prepared on the going concern basis.

The Group has overall net liabilities of £16.2m which includes amounts due to Transport Scotland in respect of historical loan funding. The loan balance, as of 31st March 2021 was £43m and together with accrued interest of £6m the balance included within net liabilities is £49.7m.

The Scottish Government acquired Prestwick Airport in 2013 and financially supports the business through the provision of loan finance. The last drawdown was in August 2019 and the business has not required further loan funding for over two years. The Group has £14m of cash reserves as at the balance sheet date and does not expect to require any additional loan support in the next 12 months.

Transport Scotland has provided written confirmation to the directors that it will not seek repayment of all or part of the loan facility or accrued interest until at least 31 March 2023, although support is expected to continue beyond this date for the foreseeable future. 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; however, at the date of approval of these financial statements, they have no reason to believe that they will not do so.

Transport Scotland and Scottish Ministers continue to strongly support the recently updated board and consider the airport as a long-term strategic asset. Based on this the board is confident that Transport Scotland will continue to defer repayment of the outstanding loans and accrued interest thereon for the foreseeable future (at least 31 March 2023) and until a suitable financial restructure can be agreed by both parties or alternatively on a future sale of the business.

The directors consider that this enables the group to continue in operational existence for at least the next 12 months, meeting its liabilities as they fall due, other than the repayment of amounts outstanding to Transport Scotland as noted above.

The directors have prepared profit and cash flow forecasts for a period of 5 years from the date of approval of these financial statements which have been sensitised to take account of reasonably possible downside risks, including the continuing impact of COVID-19 and potential uncertainty over further government-imposed passenger travel restrictions. The directors have concluded that the given the diverse nature of the Group and the significant income from both freight and military revenue streams, COVID-19 does not create a material uncertainty with regards to going concern. The Group will have sufficient funds to meet its liabilities as they fall due for the foreseeable future and requires no additional financial support.

The directors have also confirmed that there are no intentions to dissolve the company for at least 12 months following the approval of these financial statements.

For the reasons set out above, the directors have prepared the financial statements for the Group and company on a going concern basis and has concluded that there are no material uncertainties related to going concern.

PRESTWICK AVIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.3 Financial assets

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

1.4 Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

2 Critical accounting estimates and judgements

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no material estimates or judgements that require disclosure.

3 Auditor's remuneration

Auditor's remuneration was borne by Glasgow Prestwick Airport Limited.

4 Employees

The company did not employ any staff in the current or prior year.

None of the directors received any remuneration during the current or prior year in respect of their qualifying services to the company.

PRESTWICK AVIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
Glasgow Prestwick Airport Limited	Aviation House, Glasgow Prestwick Airport, Prestwick, KA9 2PL	Airport operation	Ordinary	100.00
Prestwick Airport Limited	Aviation House, Glasgow Prestwick Airport, Prestwick, KA9 2PL	Property management	Ordinary	100.00
Prestwick Airport Infrastructure Limited*	Aviation House, Glasgow Prestwick Airport, Prestwick, KA9 2PL	Land owner	Ordinary	100.00
Airport Driving Range Company Limited*	Aviation House, Glasgow Prestwick Airport, Prestwick, KA9 2PL	Land owner	Ordinary	100.00

* Indirect shareholdings

6 Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by fellow group undertakings	413	413

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

7 Share capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Ordinary share capital				
Issued and fully paid				
'A' Ordinary Shares of 10p each	490,000	490,000	49	49
'B' Ordinary Shares of 10p each	100,000	100,000	10	10
	<u>590,000</u>	<u>590,000</u>	<u>59</u>	<u>59</u>

Rights of shares

The 'A' and 'B' ordinary shares have the same rights to dividend and to capital distribution except that these are calculated in the ratio that one 'B' ordinary share equals six 'A' ordinary shares. Voting rights are the same for both classes of share.

8 Share premium account

	2021 £'000	2020 £'000
At the beginning and end of the year	254	254

PRESTWICK AVIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Capital redemption reserve

	2021	2020
	£'000	£'000
At the beginning and end of the year	100	100
	<u> </u>	<u> </u>

10 Controlling party

At 31 March 2021 the company was a subsidiary undertaking of TS Prestwick Holdco Ltd which is the largest group in which the results of the company are consolidated. The consolidated accounts of TS Prestwick Holdco Ltd are available to the public from the group's registered office: Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF.

The ultimate parent company is TS Prestwick Holdco Ltd. The ultimate controlling party is the Scottish Ministers. The related undertakings of the company are as noted in note 5.