

Registered number: 02076096

CARDIFF INTERNATIONAL AIRPORT LIMITED**ANNUAL REPORT AND FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2019**

CARDIFF INTERNATIONAL AIRPORT LIMITED

COMPANY INFORMATION

Directors	Mr R C Lewis Mr J G Davies Ms M Llewellyn (retired 1 April 2018) Ms D Bowen Rees Mr S D Birns Mr H M Lewis Mr T D Morgan Ms F C Gunn (appointed 1 April 2018)
Company secretary	Mr H M Lewis
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

CONTENTS

	Page
Chairman's statement	1 - 2
Strategic report	3 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12 - 13
Statement of cash flows	14 - 15
Notes to the financial statements	16 - 38

CARDIFF INTERNATIONAL AIRPORT LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

The chairman presents his statement for the period.

2018/19 was a year of continuing significant growth for Cardiff Airport.

As a Board, our focus this year was to build on the transformational year of 2017/18 and to reap the benefits of the investment that we made to date in our facilities and airline customers.

As a result of the progress that we have continued to make, we have further strengthened the financial position of the company and we have further improved the customer experience for passengers travelling through the national Airport.

We reported 15 months of continuous growth this year, passing the 1.5m milestone early in the period. Qatar Airways launched its 5* scheduled service between Cardiff and Doha in May 2018 and incumbent airlines added new routes to their summer schedules. Our masterplan, setting out our ambitious plans for the Airport out to 2040, was launched in July 2018. It has since been adopted by the Vale of Glamorgan Council as Statutory Planning Guidance and we are working now with our stakeholders on mapping out the stages of the implementation plan, which will include improvements to surface access to the Airport and the introduction of more sustainable ways of travelling to the Airport for passengers and airport staff.

During this reporting period, we have unveiled the major improvement projects that we began in the Terminal during the last financial year. As well as increasing our commercial offer, we also took the decision to diversify our business through the signature of a Joint Venture Agreement with the Welsh Government, which saw Cardiff Airport taking over the operation of St Athan Airfield (now Bro Tathan) with effect from 1st April 2019. This coincided with the transition of the airfield from military to civilian regulation; a process greatly facilitated by the expertise of the Cardiff Airport operations team.

We increased our headcount by 9.3% to meet the demands of our growing passenger numbers and most importantly, increased our commercial revenue by 34.8% as a result of the projects that have come to fruition over the past 12 months. As a result of all these factors, we made the decision this year to bring forward by 12 months our commitment to pay the minimum of Real Living Wage to all Cardiff Airport employees, with this increased payment taking effect from 1st April 2019.

Highlights of the year to 31st March 2019 include:

- 2017/18 FY ended with a 10% increase in passenger numbers, reaching 1.48m over the rolling year.
- Fiona Gunn joined the CIAL Board in April 2018, bringing with her a wealth of commercial and retail experience with e-commerce, marketing and strategy understanding.
- Qatar Airways launched its daily service between Cardiff and Doha on 1st May 2018. In their first year, they carried 81,556 passengers and introduced a substantial freight operation to Cardiff Airport for the first time.
- In the same month, KLM celebrated 30 years of operations from Cardiff Airport
- Passenger numbers passed the 1.5m milestone in May 2018 and Summer 18 was the busiest summer at the Airport in a decade.
- Incumbent airlines added new routes and increased capacity for Summer 18:
 - In July 18, Thomas Cook added 15,000 seats for Easter 19, plus a route to Enfidha. They also announced an extra 29,000 seats for Summer 19.
 - In September, Ryanair launched a twice-weekly year-round route to Malta and in November announced a new twice-weekly summer route to Barcelona
 - Flybe added a third aircraft and uplifted frequency on their Dublin route.
- We continued to improve the passenger experience at the Airport: in July 2018 we launched a new Meet & Greet carpark service and in March 2018, the Welsh Government's Minister for Economy & Transport unveiled new electronic gates in our Immigration Hall, paid for with a security grant by the Welsh Government, following the removal of the first generation e-gates by the Home Office.
- We ended the year with a further 8% growth in passenger numbers and welcomed over 1.58m passengers through the Airport over the course of the year. This marked growth of over 60% since the Airport came under public ownership in 2013.

CARDIFF INTERNATIONAL AIRPORT LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

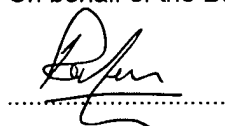
While we were very pleased to note substantial continued growth over the reporting period, we also saw increased signs of major global economic factors such as the ongoing uncertainty over BREXIT and concomitant Sterling weakness, climate change and rising fuel prices impacting on the aviation sector. Overall, it proved to be a difficult period for many airlines, with Flybe detailing significant challenges in its H3 reporting, which resulted in consolidation and restructuring of the airline into Connect Airways. This instability continued into the current FY with the very sad liquidation of Thomas Cook in October 2019, after 178 years of business.

In the light of the continuing volatility in the global economy and uncertainty over BREXIT and currency, we have this year, reviewed the life over which we measure our intangible assets and as a consequence, we have taken a prudent view and written down the value of these assets by £9.3m. We have however, continued to build on the strengthening foundations of the business and we are delighted to have returned a stronger positive EBITDA, with continued growth forecast for this current FY. Following year end, we were also pleased to have secured an additional £28m loan facility from our shareholder to enable us to continue to invest in the future of the Airport as a sustainable business.

Finally, it was announced in April 2019, that I would stand down in October 2019, following 4 years as Chair of the Company. In preparation for this, the Airport undertook an open, competitive recruitment process to secure a successor. The preferred candidate has been identified and is planned to be in post from June 2020. In light of these circumstances I have agreed to remain in post until 31 May 2020 in order to maintain consistency during the interim period.

It has been an honour to be a part of such a dynamic team at Cardiff Airport, who have continuously delivered not just for the business, but for Wales. Our national airport is in great shape and, whilst we acknowledge there is more work to be done, our journey ahead looks bright. I look forward to continuing to work alongside Cardiff Airport to explore the international opportunities that will, no doubt emerge, in my next Welsh Government role at Amgueddfa Cymru – National Museum Wales. But, in the meantime, I pay sincere tribute to all of the staff at Cardiff Airport for their dedication and service to the people of Wales.

On behalf of the Board



Name Mr R C Lewis
Chairman

Date 19 December 2019

CARDIFF INTERNATIONAL AIRPORT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present the strategic report and financial statements of Cardiff International Airport Limited ("the Company") for the year ended 31 March 2019.

Review of business and future developments

Passenger numbers for the year to 31 March 2019 were 1.59m, a 7% increase over the year to 31 March 2018.

The main reasons for the increase were:

The first year of operation for Qatar Airways on the Doha to Cardiff service, operating daily in the Summer season and 5 times per week in the Winter season saw over 70,000 passengers using the service in this financial period.

Flybe also grew in the period following the inclusion, in the year ended 31 March 2017 of a third based aircraft, as load factors grew with the business increasing by 4%.

The successful delivery of the passengers attending the UEFA Champions League final in June 2017 resulted in an additional 22,000 passengers using Cardiff Airport as the gateway to the event. Adjusting for this one-off event Cardiff International Airport would have seen growth of over 8%.

Vueling and Ryanair continued to grow their operation at Cardiff International Airport with passenger numbers remaining consistent with prior year.

Thomas Cook and Thomson had fairly stable passenger numbers in the year ended 31 March 2019, with consistent passenger numbers to the prior financial year being delivered.

Passenger numbers using the airport have continued to increase in recent months. We have seen continued growth in passenger numbers notably with Tui adding an additional 100,000 seats for the Summer 2019 season. Flybe is in the process of rebranding to Connect Airways and we look forward to working with them now that their future is secured. The impact of the liquidation of Thomas Cook has limited impact in the financial year 2019/20 with the loss of only 16,000 passengers, however the impact in financial year 2020/21 will be the loss of approximately 150,000 passengers. The business will continue to seek opportunities to replace this operator. There was no impact on the Financial Statements for 2018/19 due to the liquidation of Thomas Cook.

The Aviation industry continues to be volatile with the impacts of Geopolitics and currency having an impact on the industry. With the recent liquidation of Thomas Cook and recent challenges seen within the industry the Board have decided to review the life of our Intangible assets with the useful life being shortened. This has resulted in an impairment recognised in the Income Statement, as an exceptional charge of £9,355,000.

During the early months of the financial year ended 31 March 2018 we invested heavily in our commercial operations, notably increasing the size of our departure lounge and increasing the retail, food and beverage and customer offering within the terminal. With the key aim of improving customer experience we have also invested in a car park meet and greet offering as well as improving car hire facilities for our passengers. The business continues to see the benefit of increased commercial returns from these operations.

CARDIFF INTERNATIONAL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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, operating profit and Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA").

	2019 '000	2018 '000
Passenger Numbers	1,590	1,488
EBITDA	£'000 77	£'000 7
Depreciation and amortisation	(16,576)	(5,108)

Dividends

No dividends will be distributed for the year ended 31 March 2019.

This report was approved by the board on *19 December 2019* and signed on its behalf.



Ms D Bowen Rees
Director

CARDIFF INTERNATIONAL AIRPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

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 £19,639 *thousand* (2018 - loss £5,715 *thousand*).

Directors

The directors who served during the year were:

Mr R C Lewis
Mr J G Davies
Ms M Llewellyn (retired 1 April 2018)
Ms D Bowen Rees
Mr S D Birns
Mr H M Lewis
Mr T D Morgan
Ms F C Gunn (appointed 1 April 2018)

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 2019

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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 *19 December 2019*, and signed on its behalf.



Ms D Bowen Rees
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 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, 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 2019 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

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.



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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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, 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.

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.

Rhian Owen BSc FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

Date: 19 December 2019

CARDIFF INTERNATIONAL AIRPORT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £000	2018 £000
Turnover	4	20,869	17,907
Cost of sales		(1,972)	(1,922)
Gross profit		18,897	15,985
Administrative expenses		(26,564)	(21,769)
Other operating income	5	523	682
Exceptional other operating charges	12	(9,495)	(83)
Operating loss		(16,639)	(5,185)
Interest receivable and similar income	9	15	33
Interest payable and expenses	10	(1,902)	(1,477)
Loss before tax		(18,526)	(6,629)
Tax on loss	11	(1,113)	914
Loss for the financial year		(19,639)	(5,715)
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		789	50
Actuarial losses on defined benefit pension scheme		(375)	(420)
Movement of deferred tax related to defined benefit pension scheme		(28)	117
De-recognition of pension surplus		542	(266)
Other comprehensive income for the year		928	(519)
Total comprehensive income for the year		(18,711)	(6,234)

The notes on pages 16 to 38 form part of these financial statements.

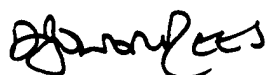
CARDIFF INTERNATIONAL AIRPORT LIMITED
REGISTERED NUMBER:02076096

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	13	10,862	13,137
Tangible assets	14	55,633	55,584
		<u>66,495</u>	<u>68,721</u>
Current assets			
Stocks	16	125	125
Debtors: amounts falling due within one year	17	3,486	2,802
Cash at bank and in hand	18	218	6,244
		<u>3,829</u>	<u>9,171</u>
Creditors: amounts falling due within one year	19	(18,881)	(10,753)
Net current liabilities		<u>(15,052)</u>	<u>(1,582)</u>
Total assets less current liabilities		<u>51,443</u>	<u>67,139</u>
Creditors: amounts falling due after more than one year	20	(36,200)	(33,098)
Pension asset		452	365
Net assets		<u><u>15,695</u></u>	<u><u>34,406</u></u>
Capital and reserves			
Called up share capital	24	56,120	56,120
Revaluation reserve	25	6,705	6,096
Profit and loss account	25	(47,130)	(27,810)
		<u><u>15,695</u></u>	<u><u>34,406</u></u>

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

19 December 2019



Ms D Bowen Rees
Director



Mr H M Lewis
Director

The notes on pages 16 to 38 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	56,120	6,096	(27,810)	34,406
Comprehensive income for the year				
Loss for the year	-	-	(19,639)	(19,639)
Actuarial losses on pension scheme	-	-	(375)	(375)
Deferred tax movements on revaluation surplus	-	789	-	789
Deferred tax movement on defined benefit pension scheme	-	-	(28)	(28)
De-recognition of defined benefit pension surplus	-	-	542	542
Total comprehensive income for the year	-	789	(19,500)	(18,711)
Transfer to/from profit and loss account	-	-	180	180
Transfer between other reserves	-	(180)	-	(180)
At 31 March 2019	56,120	6,705	(47,130)	15,695

The notes on pages 16 to 38 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2017	50,120	6,342	(21,822)	34,640
Comprehensive income for the year				
Loss for the year	-	-	(5,715)	(5,715)
Actuarial losses on pension scheme	-	-	(420)	(420)
Deferred tax movements on revaluation surplus	-	50	-	50
Deferred tax movements on defined benefit pension scheme	-	-	117	117
De-recognition of defined benefit pension surplus	-	-	(266)	(266)
Other comprehensive income for the year	-	50	(569)	(519)
Total comprehensive income for the year	-	50	(6,284)	(6,234)
Shares issued during the year	6,000	-	-	6,000
Transfer to/from profit and loss account	-	-	296	296
Transfer between other reserves	-	(296)	-	(296)
At 31 March 2018	56,120	6,096	(27,810)	34,406

The notes on pages 16 to 38 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Loss for the financial year	(19,639)	(5,715)
Adjustments for:		
Amortisation of intangible assets	12,838	1,669
Depreciation of tangible assets	3,738	3,439
Profit on disposal of tangible assets	(2)	(7)
Government grants	(523)	(682)
Interest paid	1,902	1,477
Interest received	(15)	(33)
Taxation charge	1,113	(914)
Decrease in stocks	-	3
(Increase) in debtors	(1,011)	(154)
Increase in creditors	5,598	5,459
Increase in net pension assets/liabs	87	27
Corporation tax received	-	9
Net cash generated from operating activities	4,086	4,578
Cash flows from investing activities		
Purchase of intangible fixed assets	(10,563)	(4,837)
Purchase of tangible fixed assets	(3,787)	(5,709)
Sale of tangible fixed assets	2	7
Government grants received	523	(12)
Interest received	15	33
Net cash from investing activities	(13,810)	(10,518)

CARDIFF INTERNATIONAL AIRPORT LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £000	2018 £000
Cash flows from financing activities		
Issue of ordinary shares	-	6,000
Draw down on loan financing	5,600	5,000
Interest paid	(1,902)	(1,477)
Net cash used in financing activities	3,698	9,523
Net (decrease)/increase in cash and cash equivalents	(6,026)	3,583
Cash and cash equivalents at beginning of year	6,244	2,661
Cash and cash equivalents at the end of year	218	6,244
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	218	6,244
	218	6,244

The notes on pages 16 to 38 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 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 both the current position of the Company as a subsidiary of WGC Holdco Limited and its continuing support. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 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.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

2.5 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.

2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.8 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.

2.9 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 2019

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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.

2.11 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.

2.12 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 2019

2. Accounting policies (continued)

2.13 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 the Statement of comprehensive income.

2.14 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 2019

2. Accounting policies (continued)

2.15 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 (or cash-generating unit to which the asset has been allocated) 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 (or CGU'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 (CGUs). 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.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 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.

2.18 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.

2.19 Cash and cash equivalents

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

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

2.20 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 2019

2. Accounting policies (continued)

2.21 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 2019

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 and amortisation

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets and intangible assets. The assets are depreciated and amortised down 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.

Recoverability of intangible assets

The Company exercises judgement to determine the recoverability of intangible assets. Management assess the recoverability of such assets based on the forecast economic benefit the asset will generate over its useful life.

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. Turnover

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

	2019 £000	2018 £000
Traffic income	10,071	9,626
Commercial income	9,584	7,109
Tenant income	1,214	1,172
	<u>20,869</u>	<u>17,907</u>

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	17,635	14,538
Rest of Europe	2,516	2,825
Rest of the world	718	544
	<u>20,869</u>	<u>17,907</u>

5. Other operating income

	2019 £000	2018 £000
Government grants released	<u>523</u>	<u>682</u>

6. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>22</u>	<u>19</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Employees

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

	2019	<i>2018</i>
	£000	<i>£000</i>
Wages and salaries	7,167	6,602
Social security costs	670	627
Pension costs	591	464
	<u>8,428</u>	<u>7,693</u>

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

	2019	<i>2018</i>
	No.	<i>No.</i>
Operations	214	193
Management and support services	70	66
Directors	9	9
	<u>293</u>	<u>268</u>

8. Directors' remuneration

	2019	<i>2018</i>
	£000	<i>£000</i>
Directors' emoluments	401	397
Company contributions to defined contribution pension schemes	30	28
	<u>431</u>	<u>425</u>

The highest paid director received remuneration of £116,000 (2018 - £116,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2018 - £11,000).

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Interest receivable

	2019 £000	2018 £000
Net defined benefit pension interest	15	33

10. Interest payable and similar expenses

	2019 £000	2018 £000
Loans from group undertakings	1,828	1,419
Other interest payable	74	58
	<u>1,902</u>	<u>1,477</u>

11. Taxation

	2019 £000	2018 £000
Corporation tax		
Adjustments in respect of previous periods	(55)	-
	<u>(55)</u>	<u>-</u>
Total current tax	<u>(55)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	1,118	(873)
Adjustment relating to prior periods	50	(41)
Total deferred tax	<u>1,168</u>	<u>(914)</u>
Taxation on (loss) on ordinary activities	<u>1,113</u>	<u>(914)</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(18,526)	(6,629)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(3,520)	(1,260)
Effects of:		
Effects of changes in tax rates	337	103
Adjustments to tax charge in respect of prior periods	(5)	(42)
Expenses not deductible	198	279
Other tax adjustments	3	6
Deferred tax not recognised	4,100	-
Total tax charge/(credit) for the year	1,113	(914)

12. Exceptional items

	2019 £000	2018 £000
Exceptional items	9,495	83

Exceptional costs of £83,000 in 2018 related to costs incurred due to significant inclement weather during March 2018.

Exceptional costs in 2019 include £9,355,000 in respect of an impairment of intangible assets, and £140,000 in respect of restructuring.

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Intangible assets

	Contract rights £000
Cost	
At 1 April 2018	16,410
Additions	10,563
At 31 March 2019	<u>26,973</u>
Amortisation	
At 1 April 2018	3,273
Charge for the year	3,483
Impairment charge	9,355
At 31 March 2019	<u>16,111</u>
Net book value	
At 31 March 2019	<u><u>10,862</u></u>
At 31 March 2018	<u><u>13,137</u></u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 2018	36,765	21,892	19,364	78,021
Additions	591	2,725	471	3,787
Disposals	(16)	(851)	(4)	(871)
At 31 March 2019	37,340	23,766	19,831	80,937
Depreciation				
At 1 April 2018	6,604	12,867	2,966	22,437
Charge for the year on owned assets	1,477	1,636	625	3,738
Disposals	(16)	(851)	(4)	(871)
At 31 March 2019	8,065	13,652	3,587	25,304
Net book value				
At 31 March 2019	29,275	10,114	16,244	55,633
At 31 March 2018	30,161	9,025	16,398	55,584

15. Fixed asset investments

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Cardiff Airport Services Limited	Provision of airport ancillary services	Ordinary	100%

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Stocks

	2019	2018
	£000	£000
Finished goods and goods for resale	125	125

17. Debtors

	2019	2018
	£000	£000
Trade debtors	2,309	1,341
Other debtors	602	778
Prepayments and accrued income	523	304
Tax recoverable	52	-
Deferred taxation	-	379
	3,486	2,802

18. Cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	218	6,244

19. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	4,281	4,264
Other taxation and social security	183	160
Other creditors	53	40
Accruals and deferred income	14,364	6,289
	18,881	10,753

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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

	2019 £000	2018 £000
Other loans	36,200	30,600
Accruals and deferred income	-	2,498
	<u>36,200</u>	<u>33,098</u>

21. Loans

Analysis of the maturity of loans is given below:

	2019 £000	2018 £000
Amounts falling due after more than 5 years		
Other loans	<u>36,200</u>	<u>30,600</u>

22. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at amortised cost through profit or loss	218	6,244
Financial assets that are debt instruments measured at amortised cost	2,911	2,119
	<u>3,129</u>	<u>8,363</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(54,898)</u>	<u>(43,691)</u>

Financial assets measured at amortised cost through profit or loss comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and loans.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. Deferred taxation

	2019	2018
	£000	£000
At beginning of year	379	(581)
Origination and reversal of timing differences	(1,118)	868
Revaluation surplus relating to fixed assets	789	50
Adjustment in respect of previous periods	(50)	42
At end of year	-	379

The deferred tax asset is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	-	(1,971)
Tax losses carried forward	-	2,878
Revaluation surplus relating to fixed assets	-	(789)
Other timing differences	-	261
	-	379

24. Share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
56,119,861 Ordinary shares of £1 each	56,120	56,120

25. 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.

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

26. Capital commitments

At 31 March 2019 the Company had capital commitments as follows:

	2019 £000	2018 £000
Contracted for but not provided in these financial statements	<u>(382)</u>	<u>(1,085)</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. 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 scheme was £287,000 (2018: £204,000).

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 2014. The valuation as at 31 March 2019 has been projected by independent actuaries based on the last formal valuation. The roll-forward allows for:

- Changes in financial assumptions
- Change in longevity assumptions
- Additional benefit accrual
- Actual benefit cash flows
- Other data

The pension surplus was restricted by the qualified actuary in the current financial year, as a result of the following two reasons;

- the amount of surplus a company recognises should not include amounts other parties have a unilateral power to decide;
- a company's ability to recognise an economic benefit from a surplus is restricted if the trustee can decide at any time to make a full settlement and the company has no means to prevent this event.

The surplus that can be recognised by an entity may then be considered to be limited to the future service cost which the company would have to fund, by way of contributions, in the absence of this surplus. However, where the company has already committed to make future service contributions, these must be deducted from the recoverable surplus.

As such, the Company's recoverable surplus at 31 March 2019 was calculated to be the present value of all future service costs less the present value of the agreed company future service contributions. The irrecoverable surplus for the scheme was calculated as £946,000 (2018: £1,488,000), which has not been recognised within the scheme assets.

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	10,672	10,069
Current service cost	201	200
Interest cost	279	259
Actuarial losses	468	328
Contributions	38	40

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. Retirement benefit schemes (continued)

Benefits paid	(342)	(261)
Administration costs	34	37
Past service cost	45	-
Deferred tax on actuarial gain/loss	110	81
At the end of the year	11,505	10,753

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	11,118	12,444
Interest income	333	323
Contributions by Employer	214	184
Actuarial losses/gains	54	(124)
Contributions by Plan participants	38	40
Benefits paid	(342)	(261)
Movement/Derecognition of surplus	542	(1,488)
At the end of the year	11,957	11,118

Composition of plan assets:

	2019 £000	2018 £000
Equities	467	2,181
Multi Asset Credit funds	1,936	5,392
Diversified Growth Funds and Hedge Funds	2,012	2,351
Liability - driven Investments	4,398	1,987
Cash and cash equivalents	4,090	695
Total plan assets	12,903	12,606

	2019 £000	2018 £000
Fair value of plan assets	11,957	11,118
Present value of plan liabilities	(11,505)	(10,753)
Net pension scheme asset	452	365

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. Retirement benefit schemes (continued)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Current service cost	201	200
Past service cost and administration costs	79	36
Interest income on plan assets	(15)	(33)
Total	265	203

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

	2019 %	2018 %
Discount rate	2.4	2.65
Future salary increases	3.45	3.35
Future pension increases (RPI capped at 5%)	3.3	3.25
Future pension increases (RPI capped at 2.5%)	2.25	2.25
Inflation assumption (CPI)	2.45	2.35
Inflation assumption (RPI)	3.45	3.35
Mortality rates		
- for a male aged 65 now	22.4	22.2
- at 65 for a male aged 45 now	25.1	24.5
- for a female aged 65 now	24.8	24.7
- at 65 for a female member aged 45 now	27.9	27.3

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. Retirement benefit schemes (continued)

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

Defined benefit pension schemes

	2019 £000	2018 £000	2017 £000	2016 £000
Defined benefit obligation	(11,395)	(10,672)	(10,069)	(8,296)
Related deferred tax asset/(liability)	(102)	(81)	(196)	31
Scheme assets	11,957	11,118	11,222	11,119
Surplus	460	365	957	2,854

28. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	227	32
Later than 1 year and not later than 5 years	726	51
	953	83

CARDIFF INTERNATIONAL AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

29. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows:

	2019	2018
	£000	£000
Aggregate compensation	431	425

Post year end, an extended commercial loan facility of £21.2m was provided to the Company from Welsh Government.

30. 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.