Plymouth City Airport Limited

Directors' report and financial statements

Registered number: 01213405

Year ended 31 March 2020

Contents

Company information

Company registration number	01213405
Registered office	Sutton Harbour Office Guy's Quay Plymouth PL4 0ES
Directors	Philip H Beinhaker Graham S Miller Corey B Beinhaker Natasha C Gadsdon
Company secretary	Natasha C Gadsdon
Bankers	National Westminster Bank Plc 14 Old Town Street Plymouth PL1 1DG
Independent auditors	PKF Francis Clark Centenary House Peninsula Park Rydon Lane Exeter Devon EX2 7XE

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2020.

Principal activities

The Company's principal activity during the year was the ownership and management of a long leasehold interest of a 113 acre former airport site located in Plymouth, Devon. The Company had served notice of its intention to cease operations at the airport as it was not commercially viable. In August 2011 Plymouth City Council agreed to the closure of the airport which took place on 23 December 2011, following a detailed review and the commissioning of consultant reports. The Company is now working together with the freeholder, Plymouth City Council, to maximise value from the former airport site through alternative uses.

Business review

The Company has actively participated in all stages of the public consultation in respect of the Local Planning Authority's proposed adoption of the new Plymouth and South West Devon Joint Local Plan. Detailed representations, which have taken a number of years to compile, were submitted to the Government Inspectors who conducted the public hearing from January to March 2018. The outcome of the hearing proposes to safeguard the Former Airport Site for 5 years for potential general aviation use (which includes private aircraft and other non-commercial passenger services). The Company maintains that without significant subsidy there is no prospect of sustaining operations from the site, which has now been closed for over 8 years, and that far greater social and economic benefit for the city will result from the creation of a 'Garden Suburb' on the site which can deliver housing, community and educational facilities and employment space.

Results

There was a loss for the year of £390,000 (2019: loss £422,000). No interim dividend has been paid (2019: £nil). The Directors do not recommend the payment of a final dividend. The current year revenue was £nil (2019: £nil).

Principal risks and uncertainties:
The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties, which are managed in accordance with Group policies and procedures. The key business risks and uncertainties affecting the Company are considered to relate to the process of obtaining planning permission for alternative use of the former airport site. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the annual report of Sutton Harbour Group plc, which does not form part of this report.

Key performance indicators:
Now that airport activities have ceased there are no key performance indicators used to monitor this business.

Financial risk management:
Financial risk is managed in accordance with Group policies and procedures which are discussed in the annual report of Sutton Harbour Group plc, which does not form part of this report.

Going concern
The Company meets its day to day working capital requirements through intercompany funding and is therefore reliant on bank finance in the form of Group wide term loan and revolving credit facilities. In December 2019, Sutton Harbour Group plc and subsidiary companies (the "Group") renewed its banking facilities until December 2023 (with the possibility of extending for an additional year), with two term loans totalling £22.5m and a £2.5m revolving credit facility. A £2m extension to the revolving credit was agreed in May 2020 to provide additional funding to manage the Group through the Covid-19 lockdown and recovery period. The extension expires in May 2021 with the possibility of a further 12 months extension.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months from the date of approval of these financial statements.

The Directors have obtained a confirmation of support that the intercompany balance will not be requested for repayment unless adequate funds are available whilst enabling the Company to continue to operate as a going concern.

In light of the above and considering the Group's forecast covenant compliance, in the Directors' opinion it remains appropriate to adopt the going concern basis of preparation for these financial statements.

Small company exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Directors

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

Philip H Beinhaker
Graham S Miller
Natasha C Gadsdon
Corey B Beinhaker (Appointed 27 November 2019)

A directors' and officers' liability insurance policy was maintained throughout the financial year.

Market value of land and buildings

In the opinion of the Directors, the market value of the land and buildings of the Company does not significantly exceed the book values of these assets at 31 March 2020.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Natasha C Gadsdon
Company Secretary
6 July 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing 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). 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;
- 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.

Natasha C Gadsdon
Director
6 July 2020

Independent Auditor's Report to the members of Plymouth City Airport Limited

Opinion

We have audited the financial statements of Plymouth City Airport Limited (the 'Company') for the year ended 31 March 2020 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework"

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and 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.

Emphasis of matter – valuation of inventory

We draw attention to note 2 in the financial statements which describes the potential impact of government reports and future planning permission applications upon the valuation of the Plymouth airport site, which is held as inventory on the Balance Sheet at £12.810m.

The ultimate outcome of these reports and applications cannot be presently determined and the financial statements do not reflect any impairment that may be required if the result is unfavourable. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Directors' report and financial statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinion 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 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.

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4 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.

Glenn Nicol
(Senior Statutory Auditor) PKF Francis Clark

PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

6 July 2020

Profit and loss account
for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Revenue			-
Cost of Sales		**(199)**	(181)
Gross loss		**(199)**	(181)
Operating loss	3	**(199)**	(181)
Interest payable and similar charges	4	**(228)**	(241)
Loss on ordinary activities before taxation		**(427)**	(422)
Tax credit on loss on ordinary activities	6	**37**	-
Loss on ordinary activities after taxation	15	**(390)**	(422)

The Directors are of the opinion that the difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents arising on the revaluation of land and buildings is not material. As such no note of historical cost profits or losses has been presented.

Statement of other comprehensive income
for the year ended 31 March 2020

	2020 £000	2019 £000
Loss for the financial year	**(390)**	(422)
Total comprehensive loss for the year	**(390)**	(422)

The notes on pages 11 to 19 form part of these financial statements.

Balance sheet

As at 31 March 2020

	Note	2020 £000	£000	2019 £000	£000
Fixed assets					
Tangible assets	*8*		**55**		55
Current assets					
Stocks	*9*	**12,810**		12,448	
Trade and other receivables	*10*	**35**		6	
Cash at bank and in hand		**1**		10	
		12,846		12,464	
Trade and other payables: amounts falling due within one year	*11*	**(107)**		(24)	
Net current assets			**12,739**		12,440
Total assets less current liabilities			**12,794**		12,495
Trade and other payables: amounts falling due after more than one year	*12*		**(8,222)**		(7,496)
Deferred tax	*13*		**32**		(5)
Net assets			**4,604**		4,994
Capital and reserves					
Called up share capital	*14*		**339**		339
Revaluation reserve	*15*		**3,969**		3,969
Profit and loss account	*15*		**296**		686
Total shareholder's funds			**4,604**		4,994

The notes on pages 11 to 19 form part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 6 July 2020 and were signed on its behalf by:

Natasha C Gadsdon
Director

Company number: 01213405

Statement of changes in equity
for the year ended 31 March 2020

	Share capital £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 2018	339	3,969	1,108
Loss for the year	-	-	(422)
At 31 March 2019	339	3,969	686
At 1 April 2019	**339**	**3,969**	**686**
Loss for the year	-	-	**(390)**
At 31 March 2020	**339**	**3,969**	**296**

Notes

(forming part of the financial statements)

1 Accounting policies

Plymouth City Airport Limited ("the company") is a private limited company incorporated in the United Kingdom under the Companies Act 2006.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38(a), 38(b), 38(c), 38(d), 40(a), 40(b), 40(c), 40(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Sutton Harbour Group plc as at 31 March 2020 and these financial statements may be obtained from the registered office.

Going concern

The Company meets its day to day working capital requirements through intercompany funding and is therefore reliant on bank finance in the form of Group wide term loan and revolving credit facilities. In December 2019, Sutton Harbour Group plc and subsidiary companies (the "Group") renewed its banking facilities until December 2023, with two term loans totalling £22.5m and a £2.5m revolving credit facility and an additional RCF of £2m until May 2021, with the possibility of extending for a further 12 months.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months from the date of approval of these financial statements.

It has been confirmed that the intercompany balance in place will not be requested for repayment in the foreseeable future.

In light of the above and considering the Group's forecast covenant compliance, in the Directors' opinion it remains appropriate to adopt the going concern basis of preparation for these financial statements.

Notes *(continued)*
(forming part of the financial statements)

1 Accounting policies *continued*

Functional and presentation currency

The functional currency of the Company is pounds sterling and therefore balances are shown in the financial statements in thousands of pounds sterling, unless otherwise stated.

Finance costs capitalised

Finance costs that are directly attributable to the construction of tangible fixed assets and development properties are capitalised as part of the costs of those assets.

Fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost, with the exception of property held at a valuation, less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets, except long leasehold land, over their estimated useful economic lives as follows:

Plant and machinery	-	4 to 10 years straight line
Fixtures and fittings	-	4 to 10 years straight line

Properties that are mainly owner occupied and specialised properties are depreciated over their useful economic lives on a straight line basis. The useful economic lives of these properties are estimated to be 50 years. Impairments on fixed assets are estimated by the Directors to reduce the carrying value of certain assets to their recoverable amount. Long leasehold land is not depreciated.

Stocks

Development property

Land identified for development and sale, and properties under construction or development and held for resale, are included in current assets at the lower of cost and net realisable value. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities on a normal operating as detailed in note 2, cost also includes previous valuations to the date of transfer to development inventory in March 2013.

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Deferred tax is recognised on all temporary differences except on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes *(continued)*
(forming part of the financial statements)

1 Accounting policies *(continued)*

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Government grants are recognised when there is reasonable assurance that the grant will be received and that the Group will comply with all conditions associated with the grant. Government grants of a revenue nature are credited to a deferred income account and released to the income statement so as to match them with the expenditure to which they relate.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial instruments
Trade and other receivables, trade and other payables and all intercompany balances are financial instruments and are carried at amortised cost.

2 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. 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.

The following are the areas that require the use of estimates and judgement that may impact the Group's balance sheet and income statement:

a) The Board exercises judgement in determining whether properties should be classified as investment property or development inventory and this is done by reference to criteria including whether the property is being marketed for sale in the ordinary course of business and the nature of the development activity ongoing (including planning applications and development of proposals for submission to the relevant authorities).
b) Determining the net realisable value of development property (2020: £12.810m; 2019: £12.448m)

Development property comprises the Former Airport Site, a 113 acre site in which the Company holds an unexpired 137 year leasehold interest, and which is held as development inventory at a carrying value of £12.810m. At each balance sheet date, this carrying value is tested for impairment with the board needing to satisfy itself that the asset is included in inventory at the lower of cost and net realisable value, with net realisable value including developer's return where applicable. The carrying value of £12.810m is derived as follows:

- The land and building asset was independently valued twice yearly until 31 March 2013, when the asset was transferred to development inventory.
- As at 31 March 2013 the land and building asset was transferred to development inventory and combined with the pre-existing inventory total, which included the cost of building the Link Road and planning intellectual property costs.

Notes *(continued)*
(forming part of the financial statements)

- It was agreed at 31 March 2013 that the transfer was made at valuation, inclusive of historic revaluations. As at 31 March 2013 the carrying value of the former airport asset was £11.476m, which is inclusive of past revaluations totalling £3.969m. The net increase in former airport asset valuation from 31 March 2013 to £12.810m of £1.334m represents the capitalised costs of developing the planning intellectual property less the cost attributed to sales of small plots.

    - Net Realisable Value is estimated with reference to expected net proceeds for the Company's freehold interest and its 25% share of the leasehold interest. The mechanism for sharing of net proceeds with the freeholder, Plymouth City Council, is set out in the lease.
    - The auditors, Nexia Smith and Williamson and PKF Francis Clark, included an Emphasis of Matter paragraph within the 2015, 2016, 2017, 2019 and 2020 Audit Reports due to uncertainty about the impact on Net Realisable Value of the planning process (Plymouth and South West Devon Joint Local Plan to 2034 currently being formulated) and the outcome of a Government Report about the future of Plymouth City Airport. The policy set out in the Plan is to safeguard the site for general aviation for a further 5 years.
    - In December 2016 the Department for Transport published the 'Plymouth Airport Study Report', which concluded that a lack of demand and a short runway mean commercially viable passenger services could not be run out of the former Plymouth Airport site as it would remain "financially vulnerable" in a "high risk environment".
    - In April 2018, the Company submitted its representations and detailed evidence base in support of allocation of the Former Airport Site for alternative use in advance of the Government Inspectors' public hearing of proposed new local planning framework.
    - The public hearing took place in early 2018 and the Government Inspector's report was issued later in 2019.

- The Board has exercised judgement in determining the net realisable value of development property, taking into account expected costs to complete and future sale proceeds, and hence whether any write-down of development property is required. Incorporated in the appraisal of net realisable value are judgements about: disposal revenue and/or investment value at completion; project formulation (including mix of development uses and development density); full development cost; amounts payable to third parties (for example, contributions to the local authority under section 106 agreements); sharing of proceeds with local authority and repayment of grants in the case of development of the former airport site); financing costs; time value of money; and, allowance for contingency. The Company has positioned its representations that the Former Airport Site is ideally suited to the delivery of a range of new uses to Plymouth with significant economic, social and employment benefits. There is uncertainty about the outcome of the Government Inspectors' report which, subject to the result, could affect the value and timing of any development of the site. The Government Inspector's conclusions as to whether or not it is sound planning policy to safeguard the site for general aviation for 5 years will determine the Company's next steps to achieve its ambition to develop the site.

The current carrying value of the asset is based on the success of its strategy of ultimately developing the site for alternative uses. Should the board change its strategy with a view to an alternative, this may have an effect on the carrying value of the asset. No write down has been included in the current year.

c) Impairments
The Board exercises judgement in identifying cash-generating units and utilises assumptions, which are often subject to uncertainty, in determining the recoverable amount of assets (or cash-generating units) to assess whether an asset (or cash-generating unit) is impaired. In the year, fixed assets totalling £nil (2019: £nil) have been impaired.

d) The calculation of deferred tax asset/(liabilities) (2020: £32,000; 2019: (£5,000))
The Company has not recognised deferred tax liabilities in respect of certain properties due to a high degree of uncertainty of the timing of when the asset may be realised.

Notes *(continued)*
(forming part of the financial statements)

3 Operating loss

This is stated after charging:

	2020	2019
	£000	£000
Auditors' remuneration		
Audit of these financial statements	8	9
Other services relating to taxation	2	3

4 Interest payable

	2020	2019
	£000	£000
Interest payable on Group balances	228	241
	228	241

5 Staff numbers and costs

The Directors have not been remunerated for their services to the Company in either the current or prior years.

The Company had no employees during the current year (2019: none). However, in the year to 31 March 2020, £52,000 (2019: £56,000) of staff costs were recharged from other Group Companies.

Notes *(continued)*
(forming part of the financial statements)

6 Tax on loss on ordinary activities

The tax credit represents:

	2020 £000	2020 £000	2019 £000	2019 £000
Current tax				
UK corporation tax on loss for the year	-		-	
Adjustments in respect of prior years	-		-	
Total current tax		-		-
Deferred tax (see note 13)				
Origination and reversal of timing differences	-		-	
Deferred tax in respect of losses	37		-	
Adjustments in respect of prior years	-		-	
Total deferred tax		-		-
Tax credit on loss on ordinary activities		37		-

The current tax credit for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before taxation	**(427)**	(422)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% *(2019: 19%)*	**(81)**	(76)
Effects of:		
Expenses not deductible for tax purposes	-	-
Origination and reversal of timing differences	-	-
Change in tax rate to 19% (2019: 19%)	-	-
Adjustments in respect of prior periods	-	76
Group relief surrendered	44	-
Tax charge/(credit) for the year	**37**	-

7 Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: £nil).

Notes *(continued)*
(forming part of the financial statements)

8 Tangible assets

	Plant and machinery £000	Total £000
Cost or valuation		
At 1 April 2018	1,513	1,513
Additions	-	-
Impairments	-	-
Disposal	-	-
At 31 March 2019	1,513	1,513
At 1 April 2019	1,513	1,513
Additions	-	-
Impairments	-	-
Disposal	-	-
At 31 March 2020	1,513	1,513
Accumulated depreciation		
At 1 April 2018	1,458	1,458
Charge for the year	-	-
Disposal	-	-
At 31 March 2019	1,458	1,458
At 1 April 2019	1,458	1,458
Charge for the year	-	-
Disposal	-	-
At 31 March 2020	1,458	1,458
Net book value		
At 31 March 2019	55	55
At 31 March 2020	**55**	**55**

Since the closure of the airport site management took the decision to cease depreciating the remaining cost of plant and machinery given the assets are no longer being used in the business. Management believe the recoverable amount of the assets exceed their carrying value.

9 Stocks

	2020 £000	2019 £000
Development property	**12,810**	12,448
	12,810	12,448

Development property includes capitalised interest of £228,000 (2019: £180,000). The capitalisation rate used to determine the amount of borrowing cost eligible for capitalisation was 3.7% (2019: 4.4%).

As detailed in note 2 property relating to the former airport site was transferred to inventory and classified as development property.

Notes *(continued)*
(forming part of the financial statements)

10 Trade and other receivables

Receivables – falling due within one year

	2020 £000	2019 £000
Other receivables	**15**	4
Prepayments and accrued income	**20**	2
	35	6

11 Trade and other payables: amounts falling due within one year

	2020 £000	2019 £000
Trade payables	**107**	24

12 Trade and other payables: amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed to Group undertakings	**7,577**	6,847
Deferred income – government grants	**645**	649
	8,222	7,496

An element of the grant was amortised in previous periods. The grant liability relating to the airport runway and lighting will not be released prior to any future sale of the site.

Amounts owed to Group undertakings are unsecured, and incur interest at the same rate as the Group overdraft facility (see below).

At 31 March 2020 the Group has an agreed bank facility of £25.0m (2019: £25.0m). The facility incurs interest charged at rates over LIBOR during the term of the facilities. In December 2019, Sutton Harbour Group plc and subsidiary companies (the "Group") renewed its banking facilities until December 2023, with two term loans totalling £22.5m and a £2.5m revolving credit facility. In May 2020 an additional £2.0m RCF was secured until May 2021 with the possibility of an extension for a further year.

Security over the assets of the Group has been given in relation to the bank facilities.

Notes *(continued)*
(forming part of the financial statements)

13 Deferred tax

	Deferred taxation £000
At 1 April 2019	(5)
Credited to the profit and loss account during the year	37
At 31 March 2020	**32**

The elements of deferred tax are as follows:

	2020 £000	2019 £000
Difference between accumulated depreciation and capital allowances	**(5)**	**(5)**
Creation of tax losses	**37**	**-**
	32	**(5)**

14 Called up share capital

	2020 £000	2019 £000
Allotted and fully paid		
339,100 ordinary shares of £1 each	**339**	339

15 Description of reserves

Called up share capital
The called up share capital and share premium accounts represent equity share capital.

Revaluation reserve
The revaluation reserve relates to the revaluation of land and buildings previously included within property, plant and equipment.

Profit and loss account
The profit and loss account represents retained profits.

16 Contingent liabilities

The Company has given an unlimited guarantee in respect of bank borrowings of all group companies. At 31 March 2020, these borrowings amounted to £24,250,000 (2019: £22,500,000).

17 Ultimate parent undertaking

The Company's immediate parent undertaking is Sutton Harbour Group plc, which is registered in England and Wales. The smallest and largest group of undertakings for which group financial statements have been drawn up is that headed by Sutton Harbour Group plc. Copies of the financial statements can be obtained from the registered office, Sutton Harbour Office, Guy's Quay, Plymouth, Devon, PL4 0ES. The ultimate controlling party is FB Investors LLP, which is owned jointly by Beinhaker Design Services Limited and 1895 Management Group ULC, and owns 72.65% of the issued share capital of Sutton Harbour Group plc.