

CARDIFF INTERNATIONAL AIRPORT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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CARDIFF INTERNATIONAL AIRPORT LIMITED

COMPANY INFORMATION

Directors	Mr J G Davies Mr S D Birns Mr T D Morgan Ms F C Gunn Mr W H Harvey (appointed 1 June 2020) Mr D M Walters (appointed 17 August 2020)
Company secretary	Mr D M Walters (appointed 17 August 2020)
Registered number	02076096
Registered office	Cardiff Airport Vale of Glamorgan CF62 3BD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

CARDIFF INTERNATIONAL AIRPORT LIMITED

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CARDIFF INTERNATIONAL AIRPORT LIMITED

STATEMENT FROM THE CHAIR
FOR THE YEAR ENDED 31 MARCH 2020

The chair presents his statement for the period.

A challenging year for us all.

I am pleased to present my first Chair's report having joined the airport on 1st June 2020.

I would like to thank my predecessor, Roger Lewis, for his contribution during his time as Chair and for his helpful handover during last summer.

The 2019/20 financial year was a very challenging time for the airport. The Board dealt with the demise of two airlines and then, as the financial year came to a close, the initial impact of the Covid-19 pandemic was felt throughout the aviation sector. Despite these major challenges our passenger numbers for the year remained strong at 1.58 million and were only down 0.4% year on year.

Subsequently the Covid-19 pandemic devastated the aviation sector and the airport has faced enormous challenges, both operationally and financially. All airlines paused flights between March and July 2020. Following that a combination of local, national and international restrictions have severely limited flight and passenger numbers. The impact on the 2020/21 financial year will be severe.

I am pleased to report that we have maintained the airport's ability to operate at all times, and continue to do so. In addition, we have continued to diversify our business. We operate the Joint Venture Agreement with Welsh Government managing Bro Tathan. Alongside this the airport provides Passenger Air Service support for Anglesey Airport.

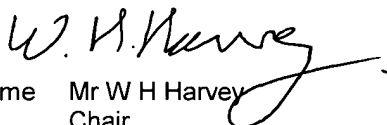
Looking to the future we are very pleased to have agreed the creation of a new base for Wizz Air this year. This will be their fourth base in the UK and will offer year-round low fare flights to a wide range of destinations. We are looking forward to welcoming passengers back to Cardiff Airport when circumstances permit. In early March 2021 we were very pleased to secure ongoing financial support from Welsh Government in the form of a grant award. This will provide very supportive funding for the business for the next five years.

During 2020 Deb Bowen Rees retired from the board and stepped down as CEO. We are very grateful for her immense contribution to our business over many years. Spencer Birns took over as Interim CEO and I am delighted to confirm that this has now been made permanent. Huw Lewis left the airport in August 2020 and we thank him for his service. We also welcomed David Walters, who joined the Board in August 2020 as Finance Director, and is now confirmed as Chief Finance Officer. Both are hugely experienced and have led our business through many challenges in recent months.

The challenges faced by every aspect of our business have been varied and extremely testing. Throughout all those difficulties the effort, dedication and professionalism of all of our staff has been unwavering. On behalf of the Board I would like to thank them all.

We look forward to more positive times ahead.

On behalf of the Board



Name Mr W H Harvey
Chair

Date 25 March 2021

CARDIFF INTERNATIONAL AIRPORT LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present the strategic report and financial statements of Cardiff International Airport Limited ("the Company") for the year ended 31 March 2020.

Review of business and future developments

Passenger numbers for the year to 31 March 2020 were 1.58m, a 0.4% decrease on the year to 31 March 2019. We were tracking growth of 5% throughout the year and were expecting an outturn close to 1.66m passenger, however the combined effects of Thomas Cook going into administration in late September 2019 and the early demand impact from the growing Covid-19 pandemic implications, significantly hindered demand for travel in February and early March, which resulted in Flybe going in Administration. This was further compounded by the introduction of the lock downs from mid-March and the subsequent pauses in passenger operations accordingly.

Some of the pertinent points to note from the year are as follows:-

Tui added extra capacity by utilising a 3rd based aircraft in the summer season, increasing their passenger numbers year on year by 28% (100,000).

KLM experienced 10% growth until the end of January 2020, sales slumped from February due to the Covid-19 impact globally. Overall, the airline finished the year with 1% growth.

Ryanair were growing quickly in the period to January 2020 with 181% growth and finished the Financial year with a 140% increase in passenger-numbers, due to the introduction of Malta, Barcelona and Malaga as three new routes in this period.

Qatar Airways was experiencing solid demand and growth in the period to January 2020. Their freight was growing as a number of businesses across Wales made good use of their flights. By the end of the financial year the demand for long haul travel had dissipated and they finished the year with 27% growth.

Thomas Cook went into administration on the 23rd of September 2019. They had a summer seasonal base at the airport at the time and the resulting impact for this financial year was the net loss of 16,000 passengers.

Flybe restructured their business in Autumn 2019, reducing operations from 11 to 5 routes. They subsequently entered administration on the 5th of March 2020. The overall net loss of passengers to the airport in this financial year was 36,000.

The impact of the Covid-19 crisis started to significantly affect demand for flights from February 2020 with all flights paused by March 27th. We estimate that there was a loss of circa 32,000 passengers during March 2020.

Passenger numbers for the financial year 2020/21 have been all but eliminated by the Covid-19 pandemic. We will probably end the year 98% down on 2019/20. At the same time a significant proportion of the airport's costs are fixed, in particular for safety and security related activities, under stringent regulatory controls. This has added immense pressure on liquidity.

Looking ahead, we have strong pent up demand in particular for leisure related travel purposes. Tui and Wizz Air UK have committed to deploying base capacity at the airport once the freedom to move is given to the travelling public. In addition to the based aircraft capacity, 5 more airlines, including Ryanair, KLM and Vueling are also ready and waiting to recommence their respective services in 2021 to service the demand. Discussions will continue with all of our airline partners to re-start all the paused routes accordingly.

The Aviation industry continues to face significant challenges due to the Covid-19 crisis. This coupled with the demise of Thomas Cook and Flybe has resulted in the Board deciding to further review the life of our Intangible assets with all Intangibles being written down to nil. This has resulted in an impairment recognised in the Income Statement, as an exceptional charge of £13,253,000.

CARDIFF INTERNATIONAL AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties**Financial Risk Management**

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

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Cash Flow Risk

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

Financial key performance indicators

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

	2020	2019
	'000	'000
Passenger Numbers	1,582	1,590
EBITDA (before exceptional items)	£'000 (691)	£'000 77
Depreciation and amortisation	(20,576)	(16,576)

Dividends

No dividends will be distributed for the year ended 31 March 2020.

This report was approved by the board on 26 March 2021 and signed on its behalf.


Mrs S D Birns
 Director

CARDIFF INTERNATIONAL AIRPORT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

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 £23,899 thousand (2019 - loss £19,639 thousand).

No dividends were declared or paid during the year (2019: £Nil).

Directors

The directors who served during the year were:

Mr R C Lewis (resigned 1 June 2020)
Mr J G Davies
Ms D Bowen Rees (resigned 30 September 2020)
Mr S D Birns
Mr H M Lewis (resigned 17 August 2020)
Mr T D Morgan
Ms F C Gunn

CARDIFF INTERNATIONAL AIRPORT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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.

Post balance sheet events

The impact of the Covid-19 crisis started to significantly affect demand for flights from February 2020 with all flights paused by March 27th. Various national and local lockdowns have occurred post year end causing the pausing and disruption to passenger operations.

Passenger numbers for the financial year 2020/21 have been all but eliminated by the Covid-19 pandemic. We will probably end the year 98% down on 2019/20. As it stands passenger operations are not expected to recommence until mid-May 2021.

The reduced passenger numbers have put a significant strain on our liquidity. In March 2021, Welsh Government announced a five year package of financial support. This was in the form of a £42.6m grant for rescue and restructuring purposes under the UK-EU Trade and Cooperation Agreement.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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 26 March 2021 and signed on its behalf.



Mr S D Birns
Director



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

Opinion

We have audited the financial statements of Cardiff International Airport Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.



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

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's report is not a guarantee that the Company will continue in operation.

Other information

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



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

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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.



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

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.

Grant Thornton UK LLP

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

26 March 2021

CARDIFF INTERNATIONAL AIRPORT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £000	2019 £000
Turnover	4	24,984	20,869
Cost of sales		(2,574)	(1,972)
Gross profit		22,410	18,897
Administrative expenses		(30,424)	(26,564)
Other operating income	5	-	523
Exceptional other operating charges	12	(13,253)	(9,495)
Operating loss		(21,267)	(16,639)
Interest receivable and similar income	9	15	15
Interest payable and similar expenses	10	(2,645)	(1,902)
Loss before tax		(23,897)	(18,526)
Tax on loss	11	(2)	(1,113)
Loss for the financial year		(23,899)	(19,639)
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		-	789
Actuarial gains/(losses) on defined benefit pension scheme		1,340	(375)
Movement of deferred tax related to defined benefit pension scheme		38	(28)
De-recognition of pension surplus		(1,547)	542
Other comprehensive income for the year		(169)	928
Total comprehensive income for the year		(24,068)	(18,711)

The notes on pages 14 to 36 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED
REGISTERED NUMBER:02076096


BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Intangible assets	13		-		10,862
Tangible assets	14		53,407		55,633
			<u>53,407</u>		<u>66,495</u>
Current assets					
Stocks	16	132		125	
Debtors: amounts falling due within one year	17	2,829		3,486	
Cash at bank and in hand	18	2,380		218	
		<u>5,341</u>		<u>3,829</u>	
Creditors: amounts falling due within one year	19	(12,837)		(18,881)	
Net current liabilities			<u>(7,496)</u>		<u>(15,052)</u>
Total assets less current liabilities			<u>45,911</u>		<u>51,443</u>
Creditors: amounts falling due after more than one year	20		(54,607)		(36,200)
Pension asset			323		452
Net (liabilities)/assets			<u><u>(8,373)</u></u>		<u><u>15,695</u></u>
Capital and reserves					
Called up share capital	24	56,120		56,120	
Revaluation reserve	25	6,525		6,705	
Profit and loss account	25	(71,018)		(47,130)	
			<u><u>(8,373)</u></u>		<u><u>15,695</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2021.



Mr S D Birns
Director



Mr D M Walters
Director

The notes on pages 14 to 36 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2018	56,120	6,096	(27,810)	34,406
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 movements on defined benefit pension scheme	-	-	(28)	(28)
De-recognition of defined benefit pension surplus	-	-	542	542
Transfer to/from profit and loss account	-	-	180	180
Transfer between other reserves	-	(180)	-	(180)
At 1 April 2019	56,120	6,705	(47,130)	15,695
Loss for the year	-	-	(23,899)	(23,899)
Actuarial gains on pension scheme	-	-	1,340	1,340
Deferred tax movement on defined benefit pension scheme	-	-	38	38
De-recognition of defined benefit pension surplus	-	-	(1,547)	(1,547)
Transfer to/from profit and loss account	-	-	180	180
Transfer between other reserves	-	(180)	-	(180)
At 31 March 2020	56,120	6,525	(71,018)	(8,373)

The notes on pages 14 to 36 form part of these financial statements.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Going concern

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

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

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

2.3 Cash flow statement

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.4 Revenue

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

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

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

2.7 Interest income

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

2.8 Borrowing costs

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.9 Retirement benefits

The Company operates defined contribution and defined benefit pension schemes.

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

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

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

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

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

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

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

2.10 Employee benefits

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

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

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

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

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

2.12 Exceptional items

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

2.13 Intangible assets

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

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

The estimated useful lives range as follows:

Contract rights	-	10	years
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CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Impairment of fixed assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) 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. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

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

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.19 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 Cash and cash equivalents

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

2.21 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.22 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.

2.23 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small Company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020**

4. Turnover

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

	2020	2019
	£000	£000
Traffic income	10,750	10,071
Commercial income	12,979	9,584
Tenant income	1,255	1,214
	24,984	20,869

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	22,163	17,635
Rest of Europe	2,387	2,516
Rest of the world	434	718
	24,984	20,869

5. Other operating income

	2020	2019
	£000	£000
Government grants released	-	523

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	26	22
Fees payable to the Company's auditor and its associates in respect of:		
Non audit fees	21	-
	21	-

7. Employees

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

	2020 £000	2019 £000
Wages and salaries	9,282	7,167
Social security costs	867	670
Pension costs	625	591
	10,774	8,428

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

	2020 No.	2019 No.
Operations	219	214
Management and support services	101	72
Directors	7	7
	327	293

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	420	401
Company contributions to defined contribution pension schemes	31	30
	<u>451</u>	<u>431</u>

The highest paid director received remuneration of £116,000 (2019 - £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 (2019 - £13,000).

9. Interest receivable

	2020 £000	2019 £000
Net defined benefit pension interest	<u>15</u>	<u>15</u>

10. Interest payable and similar expenses

	2020 £000	2019 £000
Loans from group undertakings	2,473	1,828
Other interest payable	172	74
	<u>2,645</u>	<u>1,902</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Taxation

	2020 £000	2019 £000
Corporation tax		
Adjustments in respect of previous periods	(4)	(55)
	<u>(4)</u>	<u>(55)</u>
Total current tax	<u>(4)</u>	<u>(55)</u>
Deferred tax		
Origination and reversal of timing differences	6	1,118
Adjustment relating to prior periods	-	50
Total deferred tax	<u>6</u>	<u>1,168</u>
Taxation on (loss) on ordinary activities	<u>2</u>	<u>1,113</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (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 tax	(23,897)	(18,526)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(4,541)	(3,520)
Effects of:		
Effects of changes in tax rates	268	337
Adjustments to tax charge in respect of prior periods	(4)	(5)
Expenses not deductible	21	198
Other tax adjustments	(15)	3
Deferred tax not recognised	4,273	4,100
Total tax charge for the year	2	1,113

12. Exceptional items

	2020 £000	2019 £000
Impairment of intangible assets	13,253	9,355
Restructuring	-	140

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Intangible assets

	Contract rights £000
Cost	
At 1 April 2019	26,973
Additions	5,948
At 31 March 2020	<u>32,921</u>
Amortisation	
At 1 April 2019	16,111
Charge for the year on owned assets	3,557
Impairment charge	13,253
At 31 March 2020	<u>32,921</u>
Net book value	
At 31 March 2020	<u>-</u>
At 31 March 2019	<u>10,862</u>

Amortisation on intangible assets is charged to administration expenditure.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 2019	37,340	23,766	19,831	80,937
Additions	153	916	471	1,540
Disposals	-	(213)	-	(213)
At 31 March 2020	37,493	24,469	20,302	82,264
Depreciation				
At 1 April 2019	8,065	13,652	3,587	25,304
Charge for the year on owned assets	1,411	1,694	661	3,766
Disposals	-	(213)	-	(213)
At 31 March 2020	9,476	15,133	4,248	28,857
Net book value				
At 31 March 2020	28,017	9,336	16,054	53,407
At 31 March 2019	29,275	10,114	16,244	55,633

£4,740,000 of the above balance relates to land which is not depreciated.

15. Fixed asset investments**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Cardiff Airport Services Limited	Cardiff Airport, Vale Of Glamorgan, CF62 3BD	Provision of airport ancillary services	Ordinary	100%

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Stocks

	2020 £000	2019 £000
Finished goods and goods for resale	132	125

17. Debtors

	2020 £000	2019 £000
Trade debtors	1,590	2,309
Other debtors	724	602
Prepayments and accrued income	445	523
Tax recoverable	70	52
	<u>2,829</u>	<u>3,486</u>

18. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	2,380	218

19. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,502	4,281
Other taxation and social security	221	183
Other creditors	71	53
Accruals and deferred income	11,043	14,364
	<u>12,837</u>	<u>18,881</u>

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020	2019
	£000	£000
Other loans	54,607	36,200
	<u><u>54,607</u></u>	<u><u>36,200</u></u>

21. Loans

Analysis of the maturity of loans is given below:

	2020	2019
	£000	£000
Amounts falling due after more than 5 years		
Other loans	54,607	36,200
	<u><u>54,607</u></u>	<u><u>36,200</u></u>

22. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets measured at amortised cost through profit or loss	2,380	218
Financial assets that are debt instruments measured at amortised cost	2,314	2,911
	<u><u>4,694</u></u>	<u><u>3,129</u></u>
Financial liabilities		
Financial liabilities measured at amortised cost	(67,223)	(54,898)
	<u><u>(67,223)</u></u>	<u><u>(54,898)</u></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 trade creditors, other creditors, accruals and loans.

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

23. Deferred taxation

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

24. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
56,119,861 (2019 - 56,119,861) Ordinary shares of £1 each	56,120	56,120

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

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.

26. Capital commitments

At 31 March 2020 the Company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	519	382

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 schemes was £466,000 (2019: £305,000).

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 2017. The valuation as at 31 March 2020 has been projected by independent actuaries based on the last formal valuation. The roll-forward allows for:

- Changes in financial assumptions
- Additional benefit accrual
- Actual deferred pension revaluation and inflation since 31 March 2017
- Pension increases in line with the rules of the Section and reflecting actual inflation since 31 March 2017
- Benefits paid
- Data as summarised in the next section

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	11,505	10,672
Current service cost	173	201
Interest cost	263	279
Actuarial losses	(551)	468
Contributions	31	38
Benefits paid	(793)	(342)
Administration costs	53	34
Past service cost	-	45
Deferred tax on actuarial gain/loss	(37)	110
At the end of the year	10,644	11,505

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

27. Retirement benefit schemes (continued)

Reconciliation of fair value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	11,957	11,118
Interest income	301	333
Contributions by Employer	247	214
Actuarial losses/gains	766	54
Contributions by Plan participants	31	38
Benefits paid	(793)	(342)
Movement/Derecognition of surplus	(1,542)	542
At the end of the year	10,967	11,957

Composition of plan assets:

	2020 £000	2019 £000
Equities	460	467
Multi Asset Credit funds	2,054	1,936
Diversified Growth Funds and Hedge Funds	2,180	2,012
Liability - driven Investments	4,292	4,398
Cash and cash equivalents	4,469	4,090
Total plan assets	13,455	12,903

	2020 £000	2019 £000
Fair value of plan assets	10,967	11,957
Present value of plan liabilities	(10,644)	(11,505)
Net pension scheme liability	323	452

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

27. Retirement benefit schemes (continued)

The amounts recognised in profit or loss are as follows:

	2020	2019
	£000	£000
Current service cost	173	201
Past service cost and administration costs	53	79
Net interest on net defined benefit surplus	(15)	(15)
Total	211	265

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

	2020	2019
	%	%
Discount rate	2.3	2.4
Future salary increases	1.5	3.45
Future pension increases (RPI capped at 5%)	2.8	3.3
Future pension increases (RPI capped at 2.5%)	2.05	2.25
Inflation assumption (CPI)	1.95	2.45
Inflation assumption (RPI)	2.85	3.45
Mortality rates		
- for a male aged 65 now	22.5	22.4
- at 65 for a male aged 45 now	25.3	25.1
- for a female aged 65 now	24.9	24.8
- at 65 for a female member aged 45 now	28	27.9

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

27. Retirement benefit schemes (continued)

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

Defined benefit pension schemes

	2020	2019	2018	2017
	£000	£000	£000	£000
Defined benefit obligation	(10,571)	(11,395)	(10,672)	(10,069)
Related deferred tax asset/(liability)	(73)	(110)	(81)	(196)
Scheme assets	10,967	11,957	11,118	11,222
Surplus	323	452	365	957

28. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Not later than 1 year	289	227
Later than 1 year and not later than 5 years	732	726
	1,021	953

CARDIFF INTERNATIONAL AIRPORT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

29. Related party transactions

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

30. Post balance sheet events

The impact of the Covid-19 crisis started to significantly affect demand for flights from February 2020 with all flights paused by March, 27th. Various national and local lockdowns have occurred post year end causing the pausing and disruption to passenger operations.

Passenger numbers for the financial year 2020/21 have been all but eliminated by the Covid-19 pandemic. We will probably end the year 98% down on 2019/20. As it stands passenger operations are not expected to recommence until mid-May 2021.

The reduced passenger numbers have put a significant strain on our liquidity. In March 2021, Welsh Government announced a five year package of financial support. This was in the form of a £42.6m grant for rescue and restructuring purposes under the UK-EU Trade and Cooperation Agreement.

31. 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.