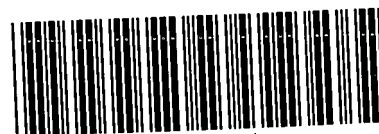


FARNBOROUGH AIRPORT LIMITED
Annual Report and Financial Statements
For the financial year ended 31 December 2020

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FARNBOROUGH AIRPORT LIMITED
Annual Report and Financial Statements
For the financial year ended 31 December 2020

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FARNBOROUGH AIRPORT LIMITED

COMPANY INFORMATION

For the financial year ended 31 December 2020

DIRECTORS

J K Bruen

S B Geere

SECRETARY

T & H Secretarial Services Limited

REGISTERED OFFICE

3 Bunhill Row

London

EC1Y 8YZ

United Kingdom

COMPANY NUMBER

03454447 (England and Wales)

AUDITOR

Deloitte LLP

Statutory Auditor

London

United Kingdom

BANKERS

Lloyds Bank Plc

25 Gresham Street

London

EC2N 7HN

SOLICITORS

Trowers & Hamlins

3 Bunhill Row

London

EC1Y 8YZ

FARNBOROUGH AIRPORT LIMITED

STRATEGIC REPORT

For the financial year ended 31 December 2020

The Directors present their Strategic Report for the year ended 31 December 2020.

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company's principal activity is the operation of Farnborough Airport, offering a full service private airport for passengers, crew and aircraft, private aviation services.

The goal is to be the European aviation airport of choice. This will be achieved through delivering a world-class customer experience with unrivalled operations, infrastructure and technology.

The business strives to be a global sustainability showcase for airports through retaining the airport's carbon neutral status and continued delivery of sustainable investment opportunities and technologies across the infrastructure and facilities. The passion, capability and expertise of our employees is central to delivery of our strategy. We are committed to attracting, retaining, and developing the best talent available.

Turnover for the financial year amounted to £48,151,253 (2019: £74,018,397). The Company earned a profit after taxation of £13,778,728 (2019: £10,846,317). The prior year included £10,924,310 of "exceptional" costs related to the sale of the Company's parent, Farnborough Airport (Holdings) Limited to Macquarie Infrastructure and Real Assets Investments Limited, via Macquarie European Fund 6 ("MEIF6"). The sale was completed in September 2019. These "exceptional" costs relate to sell side professional adviser fees and management team bonuses payable on completion of the sale.

During the prior year the external debt was replaced with a loan from a Group Company. The loan is repayable in October 2035.

The net current asset position of the Company for the financial year amounted to £25,164,058 (2019: net current asset £10,735,720).

The net asset position of the Company for the financial year amounted to £120,393,593 (2019: net asset £106,614,865).

FARNBOROUGH AIRPORT LIMITED
STRATEGIC REPORT (continued)
For the financial year ended 31 December 2020

FINANCIAL REVIEW

The Covid-19 pandemic has had a material impact on the revenues of the Company from the end of Q1. The Airport remained fully operational throughout 2020 with traffic volumes closely mirroring travel restrictions. Traffic volumes fell 78% and 48% below 2019 levels during in England's first (March 2020 to June 2020) and second (November 2020 to December 2020) lockdowns. There were substantially improved traffic levels during periods where travel restrictions were less severe, with volumes reaching 2019 levels during both August 2020 and December 2020. This traffic performance demonstrates Farnborough Airport's relative resilience within the aviation sector, maintaining a higher proportion of traffic than the commercial aviation sector during periods of travel restrictions and recovering faster than the commercial aviation sector between these periods.

A cost control programme was introduced at the outset of the pandemic to enable the business to continue to deliver the quality and flexibility of service which our clients demand and to protect the jobs of our highly skilled and dedicated workforce. Measures included participation in the UK Government's furlough schemes, strict controls of non-contracted costs and the deferral of non-essential capital expenditure. As a result of these measures the Company was able to fully protect all jobs throughout this period of unprecedented stress for the aviation sector with not a single redundancy being made across the Company. Business interruption insurance cover further mitigated some of the Covid-19 impact with £2.5m of associated insurance recoveries recognised during 2020.

KEY PERFORMANCE INDICATORS ('KPIS')

Air Traffic Movements (ATM's) 2020: 19,952 2019: 32,366

ATM's drive landing & handling fees, fuel sales and parking revenues. 2020 volumes were down 38% on 2019 directly attributable to the impact of the Covid-19 pandemic.

Adjusted EBITDA 2020: £20,104,445 2019: £28,584,864

Adjusted EBITDA excludes "exceptional" costs relating to the sale of the Company's parent, Farnborough Airport (Holdings) Limited (2020: £nil, 2019: £10,294,310) and Business Interruption Insurance income (2020: £2,500,000, 2019: £nil). Adjusted EBITDA drives sustainable cashflow facilitating distributions to shareholders. The significant reduction in adjusted EBITDA in 2020 from 2019 reflects the impact of Covid-19 with cost management and government support only partially offsetting the significant reduction in revenue.

Normalised operating margin 2020: 38.7% 2019: 33.9%

Normalised operating margin is the ratio of operating profit adjusted for "exceptional" costs related to the sale of the Company's parent in 2019, to turnover. It is an effective measure of the level of value delivered through activity. The slightly higher margin in 2020 is driven by a lower jet A1 price reducing turnover which offsets the impact of covid-19 on this metric.

FARNBOROUGH AIRPORT LIMITED

STRATEGIC REPORT (continued)

For the financial year ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The Company actively manages key risks through formal processes. The major risks for the Company, details of key mitigants and the risk profile are detailed below.

Ongoing restrictions on international travel due to a pandemic leading to a significant downturn on the primary revenue streams for the business. The impact of the vaccination programme in 2021 across the UK, Europe and other key global destinations has significantly reduced this risk. The risk to volumes is in part mitigated by the range of destinations our customer base travel to. The financial impact of the risk is mitigated through cost saving initiatives and spend deferral.

Global economic recession caused by economic, social or political change leading to a significant downturn on the primary revenue streams of the business. The impact of the Global Covid-19 pandemic on economies has heightened this risk. The risk is mitigated by ensuring depth and breadth amongst the customer base and by maintaining good communication and relationships with key customers. Consensus economic forecasts are of a strong post Covid-19 recovery across all our key markets; this risk is reducing.

Lack of appropriately trained staff impacting ability to deliver operational hours and quality of product. The trend for this risk is stable. The risk is managed through employee engagement, development and appropriate remuneration.

Recognition of revenue from business interruption insurance cover related to Covid-19 The Group has recognised £4.1m in other operating income during 2020 related to Covid-19 losses. Discussion with the insurers to settle these claims remain ongoing. The accounting treatment is based on a detailed review of the relevant insurance policies and advice from the Group's professional claims support firm. The accounting treatment has been reviewed and approved by the Audit Committee.

FUTURE DEVELOPMENTS AND TRENDS

The Directors anticipate that the private aviation sector will recover strongly and quickly from the impact of the Covid-19 pandemic. Over time the Directors believe that the demand for private aviation services at Farnborough Airport will grow as the overall London private aviation sector grows and the impact of private aviation capacity being squeezed at London commercial airports by the growth of scheduled airline activity.

ENVIRONMENT

The Company understands that our business activities have the potential to impact the environment and recognise the importance of a proactive approach to environmental management, which includes integration into business planning and strategy as well as existing day-to-day operations. The Company is committed to ensuring the highest standards of environmental performance and strives to be at the forefront of the aviation industry.

The Airport has a dedicated environment management team and operates to an ISO 14001 certified Environmental Management System (EMS). This ensures the Airport's environmental interactions and impacts are identified and managed within a structured, accountable, and transparent system. Through our commitment to enhanced environmental performance, we provide necessary resources to achieve continual improvement of the EMS.

By implementing an EMS, Farnborough Airport commits to prevent pollution and maintain the highest levels of environmental protection. We fulfil our compliance obligations and ensure best practice where appropriate.

FARNBOROUGH AIRPORT LIMITED
STRATEGIC REPORT (continued)
For the financial year ended 31 December 2020

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to several financial risks.

Cash flow risk

The Company has a comfortable level of cash reserves and there is no perceived cash flow threat for the foreseeable future. No significant levels of foreign currency are held. There is some exposure to interest rate fluctuations.

Credit risk

The Company operates enhanced and comprehensive customer credit policies and these have proven to be effective during the year. Although these are working well there is still a small risk from historical bad debts, however the Company is of sufficient financial standing to be able to survive should some debtors go bad. The Company has good ongoing levels of activity where invoices are paid on presentation. Credit is granted to existing longstanding customers of sufficient wealth.

Economic risk

The Company has a broad customer base and focuses on providing the best private aviation service to support customer retention.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

The inter-group Loan is repayable in October 2036. Interest is charged at 6% and is incurred quarterly. Any unpaid interest can be capitalised and added to the principal amount if not paid within 12 months of falling due.

FARNBOROUGH AIRPORT LIMITED

STRATEGIC REPORT (continued)

For the financial year ended 31 December 2020

SECTION 172 OF THE COMPANIES ACT 2006

Section 172 of the Companies Act 2006 ("s.172") imposes a general duty on Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders. Our goal is to drive value for clients, colleagues, and shareholders alike. The Board believes that balancing the interest of stakeholders with our corporate purpose and the desire to maintain high standards of ethical conduct is embedded in the way we do business.

Our purpose is to provide a best in class private aviation facility for the benefit of our clients, shareholders, employees, and local community.

The Board delegates day-to-day management and decision-making to its senior management team, but it maintains oversight of the Group's performance, and reserves to itself specific matters for approval. Then, by receiving regular updates on business performance, activities and objectives, the Board monitors that management is acting in accordance with agreed strategy. Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Group's long-term success.

Achieving long-term value for our shareholders

The Board engages directly with the shareholders through quarterly reporting and uses this engagement to ensure that the Strategy of the Group is aligned with that of the shareholders. The Group produced a formal 5 year business plan, with the financial projections shared with shareholders.

Investing in people

Our employees are the driving force behind our purpose and growth. We engage with our employees clearly communicating strategy and performance. We support the development of our people through extensive appropriate training and development programmes. The Directors regularly visit the assets and seek feedback from employees directly and through management. A roadshow was held in September 2020 with the CEO presenting an update on the Group's performance and strategy to employees followed by a Q&A session. The intention is to repeat such roadshows regularly going forward. An employee survey will be completed in 2021 and annually going forwards with the results reported to the Board. This information is used by the Board to ensure we continue to have an engaged, motivated, and appropriately trained workforce.

Health and safety is the Group's top priority. A Health, Safety, Security, Environment and Risk Committee ("HSSER") meets regularly and is attended by Directors and Senior Management. The aim of the Committee is to ensure that HSSER policies, systems and application is adequate and effective. Each Board meeting includes a formal update from a Director on key issues discussed at the HSSER. The Board use this information to ensure that HSSER policies are appropriate and effectively implemented.

Our clients

The Board has a keen interest in client feedback and encourages the business to maintain multiple channels and methods of communication to engender a useful dialogue. Senior Management attended Board meetings in 2020 to provide insight on client relationships and market expectations. The Board uses this feedback together with insight from industry awards and surveys to ensure the Group continues to provide best in class products and services.

The environment and our communities

The Group is committed to minimising environmental risk and continual improvement of environmental performance through Group operations. A formal Environmental Policy is in place for the Airport which is communicated to all our stakeholders. The Airport operates a dedicated reporting line and email address in order to manage and respond to any questions or concerns local residents or other interested parties may have.

FARNBOROUGH AIRPORT LIMITED
STRATEGIC REPORT (continued)
For the financial year ended 31 December 2020

The Group is a responsible member of the local community, community engagement is an important aspect of our operation which the Group is committed to continue and grow. The Group is a significant local employer both directly and indirectly and invests in several local community projects

The Board is updated regularly through routine formal and informal reporting. The Board considers the long-term impact of its operations as part of its Sustainability strategy. The Board recognises the importance of contributing to the local community and considers it a vital part of achieving our purpose.

Our suppliers

The Group aims to build strong collaborative relationships with its key suppliers, sourcing the best value goods and services for the benefit of our clients. The Board is committed to high standards of ethical business conduct. The policies and procedures relevant to business conduct are available to all employees. The Board takes a Zero-tolerance approach to bribery and corruption. In 2020 The Board satisfied itself that suppliers' due diligence checks procedures were sufficiently robust.

Lending banks

Regular and clear reporting is in place that demonstrates Group performance is meeting agreed covenant reporting and providing all required quarterly information submissions. Management and the Directors are in regular communication with the lenders' agent. Management delivered a presentation to lenders in March 2021 detailing performance over the previous twelve months and expectations for 2021.

The current financing was put in place from September 2019, activity remains on going for further syndication of the debt with management and the Board providing all support required.

The Directors review and approved all formal reporting to the lenders. Financial plans including scenarios and impacts on banking covenants are reported to and discussed at Board meetings. The Board's annual going concern and viability assessment is performed with specific reference to the impact of different operating scenarios on banking covenants.

FARNBOROUGH AIRPORT LIMITED

STRATEGIC REPORT (continued)

For the financial year ended 31 December 2020

EMPLOYEES

We recognise that engaged employees drive better outcomes for our customers and our business. We are focused on improving our engagement through developing our colleagues and ensuring we have inclusive culture with a focus on creating a safe and healthy environment for our staff to work in.

We are creating a working environment where colleagues feel valued and respected. We operate an equal opportunity policy and oppose all forms of discrimination. We are fully committed to recruit, develop, and promote employees based on performance regardless of race, gender, religion or belief, age, culture, sexual orientation, disability, or background.

Economic responsibility is enshrined in our purpose, our values, and our business processes. Procurement processes are in place to ensure we work with partners who share our approach to health and safety and sustainability. Where possible we look to support local businesses. We also prioritise local recruitment with 73% of our employees living with a 10-mile radius of the airport.

Our charity supporting and volunteering activities remain an important part of our culture and reflect a strong desire among our people to take part in activities or actions that contribute towards the needs of wider society. The Group is a founder member of CMPP (Community Matters Partnership Project), and we actively encourage our staff to take part to local charity and volunteering initiatives. To support it we have a volunteering policy allowing time off paid for volunteering.

Details of the number of employees and related costs can be found in note 6 to the financial statements.

Approved by the Board of Directors and signed on its behalf by:



J K Bruen
Director

3 Bunhill Row
London
EC1Y 8YZ
United Kingdom

Date: 29/06/2021

FARNBOROUGH AIRPORT LIMITED
DIRECTORS' REPORT
For the financial year ended 31 December 2020

The Directors present their Annual Report on the affairs of the Company, together with the Financial Statements and auditor's report, for the financial year ended 31 December 2020.

Strategic matters such as financial risk management objectives and policies, and future business developments have been covered in the Strategic Report on pages 3 to 9 and form part of this report by cross reference.

PRINCIPAL ACTIVITIES

The Company is a subsidiary of Farnborough Airport (Holdings) Limited.

The Company's principal activity is that of being involved in the commercial operating functions of Farnborough Airport, a full service private airport for passengers, crew and aircraft. The Company has developed the aerodrome into a dedicated business airport serving London and the South East of England.

GOING CONCERN

In assessing the going concern position of the Company for the Financial Statements for the year ended 31 December 2020, the Directors have considered Farnborough Airport Bidco Limited ("FABL's") cashflows liquidity and banking ratios because the Assets of the Company have a charge against them in relation to an external loan to FABL. Based on the forecast for FABL the Directors have adopted the going concern basis in preparing the Financial Statements.

In making this assessment the Directors have made a current consideration of the Covid-19 pandemic on the cashflows, liquidity and banking ratios of FABL. FABL has material cash balances and the Directors concluded that even under extreme downside Covid-19 scenarios FABL retains sufficient cash reserves.

For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements. The Directors have considered the appropriateness of the going concern basis of preparation. The Company has returned a profit of £13.8m in 2020 and holds cash balances of £29.7m at the 31 December 2020. The Company holds sufficient cash balances to meet all its day-to-day working capital requirements. Whilst as a result of the Covid-19 pandemic trading conditions remain uncertain taking into consideration the Company's trading performance during 2020, strong Balance Sheet and anticipated impact of the Covid-19 vaccine roll out in key markets the Directors consider that the going concern basis of preparation is appropriate to these Financial Statements.

DIRECTORS

The Directors, who served during the financial year and to the date of this report except as noted, were as follows:

J K Bruen

S B Geere

DIRECTORS' INDEMNITIES

The Company has made qualifying thirdparty indemnity provisions for the benefit of its Directors which were made during the financial year and remain in force at the date of this report.

FARNBOROUGH AIRPORT LIMITED

DIRECTORS' REPORT (continued)

For the financial year ended 31 December 2020

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors is unaware; and
- The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:



J K Bruen
Director

3 Bunhill Row
London
EC1Y 8YZ
United Kingdom

Date: 29/06/2021

FARNBOROUGH AIRPORT LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
For the financial year ended 31 December 2020

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH AIRPORT LIMITED**

For the financial year ended 31 December 2020

Report on the audit of the financial statements

Opinion

In our opinion the Financial Statements of Farnborough Airport Limited (the 'Company'):

- Give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the financial year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- The Profit and Loss Account;
- The Balance Sheet;
- The Statement of Changes in Equity; and
- The related notes 1 to 17.

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).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH AIRPORT LIMITED (continued)
For the financial year ended 31 December 2020**

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH AIRPORT LIMITED (continued)
For the financial year ended 31 December 2020**

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework(s) that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team (including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue from transient parking and hangarage is inaccurate or did not occur:
We have assessed the controls over revenue recognition, tested a sample of parking and hangarage invoices, recalculated the expected charge to customers and verified the location of planes based on third party data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing Financial Statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- The Strategic Report and The Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH AIRPORT LIMITED (continued)
For the financial year ended 31 December 2020**

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

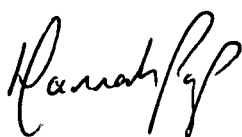
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Hannah Pop, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London
United Kingdom

Date: 29 June 21

FARNBOROUGH AIRPORT LIMITED

PROFIT AND LOSS ACCOUNT

For the financial year ended 31 December 2020

	Note	2020	2019
		£	£
Turnover	3	48,151,253	74,018,397
Cost of sales		(25,900,206)	(38,238,115)
Gross profit		22,251,047	35,780,282
Administrative expenses		(6,548,740)	(21,596,228)
Other operating income	4	2,918,577	-
Operating profit		18,620,884	14,184,054
Finance costs (net)	5	(1,649,180)	(771,932)
Profit before taxation	6	16,971,704	13,412,122
Tax on profit	8	(3,192,976)	(2,565,805)
Profit for the financial year attributable to the equity shareholders of the Company		13,778,728	10,846,317

All amounts relate to continuing operations.

There are no items of other comprehensive income in the current or prior year and therefore no Statement of Comprehensive Income has been prepared.

Included within other operating income is an amount of £2,500,000 (2019: £nil) relating to a Business Interruption Insurance claim and an amount of £418,577 (2019: £nil) relating to the UK Government's Coronavirus Job Retention Scheme Grants, please see note 4 for further details.

FARNBOROUGH AIRPORT LIMITED

BALANCE SHEET

As at 31 December 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	9	127,893,475	128,101,605
		127,893,475	128,101,605
Current assets			
Stocks	10	291,775	427,924
Debtors	11	38,670,377	38,964,448
Cash at bank and in hand		29,744,192	11,614,446
		68,706,344	51,006,818
Current liabilities			
Creditors: amounts falling due within one year	12	(43,542,286)	(40,271,098)
Net current assets		25,164,058	10,735,720
Total assets less current liabilities		153,057,533	138,837,325
Creditors: amounts falling due after more than one year	13	(27,910,828)	(27,910,828)
Provision for liabilities	14	(4,753,112)	(4,311,632)
Net assets		120,393,593	106,614,865
Capital and reserves	15		
Called-up share capital		24,500,000	24,500,000
Other reserves		9,517,026	9,517,026
Profit and loss account		86,376,567	72,597,839
Total shareholder's funds		120,393,593	106,614,865

The financial statements of Farnborough Airport Limited (registered number: 03454447) were approved and authorised for issue by the Board of Directors on 29/06/2021. They were signed on its behalf by:



J K Bruen
Director

FARNBOROUGH AIRPORT LIMITED
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

	Called-up share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 01 January 2020	24,500,000	9,517,026	72,597,839	106,614,865
Profit for the financial year	-	-	13,778,728	13,778,728
Total comprehensive income	-	-	13,778,728	13,778,728
At 31 December 2020	24,500,000	9,517,026	86,376,567	120,393,593
At 01 January 2019	24,500,000	9,517,026	61,751,522	95,768,548
Profit for the financial year	-	-	10,846,317	10,846,317
Total comprehensive income	-	-	10,846,317	10,846,317
At 31 December 2019	24,500,000	9,517,026	72,597,839	106,614,865

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year.

General information and basis of accounting

Farnborough Airport Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 3 Bunhill Row, London, EC1Y 8YZ, United Kingdom.

The principal activities are set out in the Directors' Report on page 10.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

Farnborough Airport Freehold Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Details of how to obtain a copy of the consolidated financial statements of the parent company, Macquarie European Infrastructure Fund 6 SCSp, can be found in note 17 to the financial statements.

The functional currency of Farnborough Airport Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

In assessing the going concern position of the Company for the Financial Statements for the year ended 31 December 2020, the Directors have considered FABL's cashflows liquidity and banking ratios because the Assets of the Company have a charge against them in relation to an external loan to FABL. Based on the forecast for FABL the Directors have adopted the going concern basis in preparing the Financial Statements.

In making this assessment the Directors have made a current consideration of the Covid-19 pandemic on the cashflows, liquidity and banking ratios of FABL. FABL has material cash balances and the Directors concluded that even under extreme downside Covid-19 scenarios FABL retains sufficient cash reserves.

For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements. The Directors have considered the appropriateness of the going concern basis of preparation. The Company has returned a profit of £13.8m in 2020 and holds cash balances of £29.7m at the 31 December 2020. The Company holds sufficient cash balances to meet all its day-to-day working capital requirements. Whilst as a result of the Covid-19 pandemic trading conditions remain uncertain taking into consideration the Company's trading performance during 2020, strong Balance Sheet and anticipated impact of the Covid-19 vaccine roll out in key markets the Directors consider that the going concern basis of preparation is appropriate to these Financial Statements.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling at the end of the month the transactions took place. Foreign currency monetary assets and liabilities are translated into sterling at the year-end rates. All foreign currency differences are dealt with through the profit and loss account.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Other operating income

Other operating income represents the receipt of the UK Government's Coronavirus Job Retention Scheme Grants Governments and the Business Interruption Insurance Claims which are recognised in income over the period in which the related costs are recognised.

Employee benefits

For defined contribution schemes the amounts charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits are the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in the Statement of Comprehensive Income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, except freehold land, over the estimated useful lives of the assets at the following rates:

Freehold buildings Over 15-40 years depending on the type of building
Airfields 1% to 11% reducing balance (included within other property, plant and equipment)
Fixtures, fittings, tools and equipment 12% to 33% reducing balance
Motor vehicles 20% reducing balance

The Company capitalises directly attributable interest and finance costs on all tangible fixed assets in the course of construction. No depreciation is provided until the asset is brought into use.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Leases

The Company as lessee

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the lease term. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

If at the end of the reporting period, there is objective evidence of impairment (including observable data about loss events), the Company recognises an impairment loss in the Profit and Loss Account immediately.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost comprises materials. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through the Profit and Loss Account.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the view of the Directors, there are no key sources of estimation uncertainty within the Financial Statements.

Critical judgements in applying the Company's accounting policies

Amounts recoverable relating to Business Interruption Insurance for the impact of the Covid-19 Pandemic

The Company has Business Interruption insurance policies ("BI") which provide cover for the impact of the Covid-19 pandemic on the Company. The insurer has confirmed that the BI policy will cover business interruption losses suffered by the Company as a result of the Covid-19 pandemic within the geographical limits and period of insurance covered by the BI policy. The Company has engaged a professional claims management firm to progress the claim. Based on review of the BI policy and analysis of the financial impact of the Covid-19 pandemic on the Company an amount of £2.5m has been recognised in the Profit and Loss Account under other income. At the date of this report no payments have yet been received from the insurer, with £2.5m on the Balance Sheet as a recoverable amount.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

3. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's activities after deduction of value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the operation, control and management of aviation operations and the provision of associated facilities and services.

Breakdown business class:

An analysis of the Company's turnover by class of business is set out below.

	2020	2019
	£	£
Landing and Handling	13,112,913	20,113,506
Fuel Sale	15,258,150	30,021,167
Contract Parking/ Hangarage	4,513,310	6,119,141
Transient Parking/ Hangarage	6,491,616	9,039,560
Other revenue	8,775,264	8,725,023
	<u>48,151,253</u>	<u>74,018,397</u>

Turnover is derived from its principal activities wholly undertaken in the United Kingdom.

4. Other operating income

	2020	2019
	£	£
UK Government's Coronavirus Job Retention Scheme Grants	418,577	-
Business Interruption Insurance Claim	2,500,000	-
	<u>2,918,577</u>	<u>-</u>

UK Government's Coronavirus Job Retention Scheme Grants - There are no conditions or contingencies attached to this income.

5. Finance costs (net)

	2020	2019
	£	£
Interest receivable and similar income	30,058	57,554
Interest payable and similar expenses	(1,679,238)	(829,486)
	<u>(1,649,180)</u>	<u>(771,932)</u>

Finance costs relate to bank interest.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Interest receivable and similar income

	2020	2019
	£	£
Bank interest	<u>30,058</u>	<u>57,554</u>

Interest payable and similar expenses

	2020	2019
	£	£
Bank loans and overdrafts	<u>(1,679,238)</u>	<u>(829,486)</u>

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets (note 9)	3,983,554	4,106,530
Foreign exchange losses	610	-
Loss on disposal of fixed assets	27,455	12,414
Fees payable to Deloitte LLP and their associates for the audit of the Company's annual Financial Statements	42,865	33,350

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

7. Staff number and costs

	2020	2019
	Number	Number
The average monthly number of employees (including directors) was:		
Operations	124	123
Administration	32	22
	<u>156</u>	<u>145</u>

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	7,015,711	7,760,305
Social security costs	675,651	805,822
Other retirement benefit costs	239,699	218,871
	<u>7,931,061</u>	<u>8,784,998</u>

The Directors received no remuneration from the Company in the year for their qualifying services as directors £nil (2019: £nil). There were no pension contributions for these Directors (2019: £nil). The Directors of the Company have been remunerated by the ultimate parent company. Details of the Directors remuneration in the ultimate parent company are disclosed in that Company's Financial Statements. None of these amounts related to services to the Company during either year.

8. Tax on profit

	2020	2019
	£	£
Current tax on profit		
UK corporation tax	2,459,738	2,487,908
Adjustment in respect of previous periods	291,758	(1,696)
Total current tax	<u>2,751,496</u>	<u>2,486,212</u>
Deferred tax		
Origination and reversal of timing differences	210,124	244,846
Adjustment in respect of previous periods	(246,853)	(139,480)
Effects of changes in tax rates	478,209	(25,773)
Total deferred tax	<u>441,480</u>	<u>79,593</u>
Total tax on profit	<u>3,192,976</u>	<u>2,565,805</u>

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the Balance Sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

Tax reconciliation

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK:

	2020	2019
	£	£
Profit before taxation	16,971,704	13,412,122
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	3,224,624	2,548,303
Effects of:		
- Expenses not deductible for tax purposes	533,710	2,527,612
- Adjustments in respect of prior years	44,905	(141,176)
- Effects of group relief/ other reliefs	(1,088,282)	(2,343,161)
- Tax rate changes	478,209	(25,773)
- Transfer pricing adjustments	(190)	-
Total tax charge for year	3,192,976	2,565,805

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

9. Tangible assets

	Land and buildings	Vehicles	Fixtures and fittings	Other property, plant and equipment	Payments on account and assets in the course of construction	Total
	£	£	£	£	£	£
Cost/Valuation						
At 01 January 2020	54,356,248	1,944,212	11,149,997	113,948,321	2,511,838	183,910,616
Additions	31,645	816,500	1,583,569	1,184,277	198,359	3,814,350
Disposals	-	(394,789)	(326,313)	-	-	(721,102)
Transfers	-	-	(410,375)	2,348,200	(1,937,825)	-
At 31 December 2020	54,387,893	2,365,923	11,996,878	117,480,798	772,372	187,003,864
Accumulated depreciation						
At 01 January 2020	8,094,073	1,598,392	5,495,650	40,620,896	-	55,809,011
Charge for the financial year	667,279	116,751	996,855	2,202,669	-	3,983,554
Disposals	-	(394,110)	(288,066)	-	-	(682,176)
At 31 December 2020	8,761,352	1,321,033	6,204,439	42,823,565	-	59,110,389
Net book value						
At 31 December 2020	45,626,541	1,044,890	5,792,439	74,657,233	772,372	127,893,475
At 31 December 2019	46,262,175	345,820	5,654,347	73,327,425	2,511,838	128,101,605

Included in land and buildings for 2020 is land with a net book value of £29,688,760 (2019: £29,688,760).

Other property, plant and equipment relates to Airfields.

The lenders under the external financing into Farnborough Airport BidCo Limited have fixed and floating charges over all the assets of the Company.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

10. Stocks

	2020	2019
	£	£
Stocks	291,775	427,924

There are no material differences between the replacement cost of stock and the Balance Sheet amounts.

Stocks relate to aviation fuel £282,245 (2019: £421,721) and other stock £9,530 (2019: £6,203).

11. Debtors

	2020	2019
	£	£
Trade debtors	6,700,492	7,030,287
Amounts owed by Group undertakings	25,425,347	25,425,346
Amounts owed by Parent undertakings	2,729,610	5,063,148
Other debtors	2,707,780	121,768
Prepayments	1,107,148	1,323,899
	38,670,377	38,964,448

Amounts due from Group undertakings are repayable on demand and do not bear interest.

Amounts due from Parent undertakings are repayable on demand and do not bear interest.

Included within other debtors is an amount of £2,500,000 (2019: £Nil) relating to a business interruption insurance claim recoverable.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	2,816,424	1,996,432
Amounts owed to Group undertakings	7,750,000	8,331,349
Amounts owed to Parent undertakings	25,520,000	25,520,000
Corporation tax	1,623,472	86,212
Other taxation and social security	113,700	131,662
Other creditors	32,525	27,007
Accruals and deferred income	5,686,165	4,178,436
	<u>43,542,286</u>	<u>40,271,098</u>

During the prior year the Bank Loan with Lloyds Bank was repaid and replaced with an inter group loan from Farnborough Airport BidCo Limited. Under the terms of the loan agreement interest is charged at a rate of 6% per annum and chargeable quarterly. Any unpaid interest is capitalised and added to the outstanding principal amount. Repayment terms are such that the loan may be repaid by Farnborough Airport Limited in whole or in part as agreed between Farnborough Airport Limited and Farnborough Airport Bidco Limited and shall be repaid in full by 9 October 2035.

13. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to Parent undertakings	<u>27,910,828</u>	<u>27,910,828</u>

£27,910,828 of amounts owed to Parent undertakings relate to an intercompany loan with Farnborough Airport BidCo Limited at an interest rate of 6% and repayable in October 2035, any unpaid interest is added to the principal.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

14. Provision for liabilities

	Deferred taxation	Total
	£	£
At 01 January 2020	4,311,632	4,311,632
Charged to the Profit and Loss Account	441,480	441,480
At 31 December 2020	<u>4,753,112</u>	<u>4,753,112</u>

Deferred tax

	2020	2019
	£	£
Accelerated capital allowances	4,754,804	4,313,146
Other timing differences	(1,692)	(1,514)
Provision for deferred tax	<u>4,753,112</u>	<u>4,311,632</u>

15. Called-up share capital and reserves

	2020	2019
	£	£
Allotted, called-up and fully-paid		
24,500,000 Ordinary shares of £1.00 each	<u>24,500,000</u>	<u>24,500,000</u>
Presented as follows:		
Called-up share capital presented as equity	<u>24,500,000</u>	<u>24,500,000</u>

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The other reserve balance relates to the waiver of an inter-company loan amount during 2004.

16. Related party transactions

The Company has availed of the exemption provided in FRS 102 Section 33 Related Party Disclosures not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the Company is a wholly owned member.

FARNBOROUGH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

17. Controlling party

In the opinion of the directors, the Company's ultimate parent company and controlling party at the Balance Sheet date is Macquarie European Infrastructure Fund 6 SCSp, a company registered at Level 4, 20 Boulevard Royal, L- 2449, Luxembourg. This is also the parent undertaking of the largest group which includes the Company for which accounts are prepared.

The parent undertaking of the smallest such group is Farnborough Airport BidCo Limited, a company registered at 3 Bunhill Row, London, EC1Y 8YZ.

Copies of the group financial statements of Macquarie European Infrastructure Fund 6 SCSp is available from Level 4, 20 Boulevard Royal, L- 2449, Luxembourg. Copies of the group financial statements of Farnborough Airport BidCo Limited is available from Companies House, Crown Way, Cardiff CF14 3UZ. The Company's immediate controlling party is Farnborough Airport (Holdings) Limited by virtue of their shareholding.