REGISTERED NUMBER: 12123129 (England and Wales)

Group Strategic Report, Directors' Report and

Consolidated Financial Statements for the Year Ended 31 December 2020

for

Farnborough Airport Bidco Limited

Farnborough Airport Bidco Limited

Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2020

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	J K Bruen S B Geere B O'Reilly
SECRETARY:	T&H Secretarial Services Limited
REGISTERED OFFICE:	3 Bunhill Row London England EC1Y 8YZ
REGISTERED NUMBER:	12123129 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor London United Kingdom

The Directors present their Strategic Report for the year ended 31 December 2020 (2019: 23 week period from 25 July to 31 December 2019). This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Farnborough Airport Bidco Limited (the "Group") and its subsidiary undertakings when viewed as a whole.

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

PURPOSE AND STRATEGY
The Group's principal activities are the operation of Farnborough Airport, offering a full service private airport for passengers, crew and aircraft, private aviation services, and the Aviator Hotel.

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

The Group understands that our business activities have the potential to impact the environment and is committed to ensuring the highest standards of environmental performance and striving to be a global sustainability showcase for airports. In 2018, Farnborough Airport became the first business aviation airport in the world to achieve Airport Carbon Accreditation, recognising its carbon neutral status. The Group has a dedicated environment team and operates to an ISO 14001 certified Environmental Management System. Continued delivery of sustainable investment opportunities and technologies across the Group's infrastructure and facilities remains a key focus.

The passion, capability and expertise of the Group's employees is central to delivery of our strategy. The Group are committed to attracting, retaining, and developing the best talent available.

BUSINESS MODEL
The Group provides private aviation services to a broad customer base including charter operators, fractional ownership management companies and corporate/private owners. The product offering is differentiated from the competition as the Group operates both the airport and the Fixed Based Operator facilities at Farnborough.

The Company's ultimate parent and controlling party is Macquarie European Infrastructure Fund 6 SCSp which is managed by Macquarie Infrastructure and Real Assets (MIRA).

MIRA is part of Macquarie Asset Management (MAM) – the asset management arm of the Macquarie Group. MAM is a top 50 global asset manager, providing investment solutions to clients across a range of capabilities, including infrastructure, real estate, agriculture, equities, fixed income, private credit, liquid alternatives, and multi-asset solutions. As at 31 March 2021, MAM had €363 billion of assets under management.

For twenty-five years, MIRA has partnered with clients, governments, and communities to finance, manage, develop, and enhance essential real assets. Today, MIRA's portfolio is relied on by more than 100 million people every day. A team of over 900 people invests in businesses that underpin economies and communities – aiming to add real and lasting value for their clients and the people the portfolio assets serve. MIRA manages $US132 billion in assets, including: over 150 portfolio businesses, approximately 500 properties and 4.8 million hectares of farmland.

FUTURE DEVELOPMENT 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.

FINANCIAL REVIEW

The Group's operating loss for the year ended 31 December 2020 was £7.1m, with operating cashflow of £17.9m. The Covid-19 pandemic had a material impact on the revenues of the Group from the end of Q1. The Airport remained fully operational throughout 2020 with traffic volumes closely mirroring travel restrictions. Traffic volumes fell 78% below 2019 levels during England's first (March 2020 to June 2020) and fell by 48% below 2019 levels during the second (November 2020 to December 2020) lockdown. 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.

Activities at the Hotel were significantly restricted in line with UK Government requirements.

A cost control programme was introduced at the outset of the pandemic to enable the business to protect the jobs of our highly skilled and dedicated workforce. Measures included the re-negotiation of contracts with key suppliers, strict controls of non-contracted costs, the deferral of non-essential capital expenditure, and participation in the UK Government's Coronavirus Job Retention Scheme. As a result of these measures the Group was able to protect all jobs throughout this period of unprecedented stress for the aviation and hospitality sectors without redundancies being made across the Group. Business interruption insurance cover further mitigated some of the Covid-19 impact with £4.1m of associated insurance recoveries recognised during 2020.

The Group focused on its liquidity position throughout the year and was not in default on the covenants of the external debt facilities at any point during the year. At 31 December 2020 the Group had £35.7m cash in hand, net current assets of £18.2m and drawn down external bank facilities of £151m. Interest under these facilities is payable each quarter; the loan matures in September 2024. The facilities include covenants on interest rate coverage (available cashflow to senior net debt service costs) and leverage (senior net debt to EBITDA). The Group reports backward performance and forward projected performance against these ratios quarterly. The Group maintained headroom on both of these ratios throughout 2020.

As a result of the impact of the global Covid-19 pandemic on the revenue of the Group the directors recommended that no distributions were paid during the 12 months ended 31 December 2020 (2019: £nil).

As at 31 December 2020 the Group has a loan of £304.7m from its parent company, Farnborough Airport Midco Limited. Under the terms of this loan agreement any unpaid interest is added to the outstanding principal. The loan is repayable in September 2035. No interest was paid on this loan during the 12 months to 31 December 2020.

FINANCIAL KEY PERFORMANCE INDICATOR

We use a number of financial and non-financial KPIs to measure our performance over time. We select KPIs that demonstrate the financial and operational performance underpinning our strategic drivers.

KPI	2020 (Full Year)	2019 (23 weeks)	Measure
ATMs	19,952	17,733	Air Traffic Movements "ATMs" drive landing & handling fees, fuel sales and parking revenues. Full year 2019 movements as disclosed in the Financial Statements of Farnborough Airport Limited are 32,366. On a like for like basis full year 2020 volumes were down 38% on 2019 directly attributable to the impact of the Covid-19 pandemic.

FINANCIAL KEY PERFORMANCE INDICATOR - continued

Normalised EBITDA	£24,958,307	£9,681,614	EBITDA drives operating cashflow facilitating distributions to shareholders. 2020 EBITDA was materially reduced by the impact of the Covid-19 pandemic which was only partially offset by management action to manage the cost base. The 2019 normalised EBITDA was for a 23 week period and only included operational results from 27 September. Normalised EBITDA has been adjusted for exceptional costs relating to the purchase of Farnborough Airport (Holdings) Limited of £0.6m in 2020 and £1.7m in 2019.
Normalised EBITDA margin	51.8%	46%	Normalised EBITDA margin is the ratio of EBITDA adjusted for exceptional costs to airport turnover. It is an effective measure of the level of value delivered through activity. Exceptional costs relate to the acquisition of Farnborough Airport (Holdings) Limited and totalled £0.6m in 2020 and £1.7m in 2019. The margin is marginally higher in 2020 vs 2019 due to the impact of BI insurance and furlough support partially offsetting reduced revenue and the impact of the lower jet A1 price on fuel turnover.

PRINCIPAL RISKS, UNCERTAINTIES AND JUDGEMENTS

The Group actively manages key risks through formal processes. The major risks for the Group, 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 reducing 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 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.

FINANCIAL RISK MANAGEMENT RISK AND POLICIES

Cash flow risk

The Group 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 limited exposure to interest rate fluctuations as the exposure is largely hedged over the medium term.

Credit risk

The Group operates enhanced and comprehensive customer credit policies and these have proven to be effective during the period. Bad debt expense continues to be immaterial even in the Covid-19 impacted operating environment. This illustrates both the effectiveness of internal processes and the resilience of our customer base.

Liquidity risk

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

The Group has to meet loan covenants for the external funding which are tested every three months. Based on conservative financial projections, management forecasts that they will be met comfortably for the foreseeable future.

AN ENVIRONMENTLY RESPONSIBLE BUSINESS

The Group 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 Group is committed to ensuring the highest standards of environmental performance and striving 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.

A RESPONSIBLE EMPLOYER AND GOOD CORPORATE CITIZEN

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. We recognise that we have work to do in this area.

Diversity Gender

	Employees	**Senior Management**
Male	63.3%	62.8%
Female	36.7%	37.2%

Average salary

Male	£32,530
Female	£26,452

A RESPONSIBLE EMPLOYER AND GOOD CORPORATE CITIZEN - continued

Diversity Age	Employees
Under 30	31.7%
30 - 39	25.5%
40 - 49	22.2%
Over 50	20.6%

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 78% of our employees living with a 10-mile radius of the airport and hotel.

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 in local charity and volunteering initiatives. To support it we have a volunteering policy allowing time off paid for volunteering.

During 2020 our staff, supported by the Group took part in a number of community initiatives including tree planting and providing free packed lunches for locally disadvantaged school children during the school holidays.

BOARD COMPOSITION

Simon Geere, Chief Executive Officer

Appointed to the Board July 2019.

Simon is CEO of the Group, having been appointed on 1 July 2020. Simon has 30 years of experience working in both the airport and transport sectors. Prior to his current position, Simon was a Managing Director in Macquarie Infrastructure and Real Assets (MIRA), London.

For MIRA, Simon was a senior executive responsible for asset management and investment performance within MIRA’s European transport team. Simon had particular focus on the overall management and strategic direction of some of MIRA’s major airport and rail related assets.

Simon joined Macquarie in 2002 having held senior positions with UK airport operators, TBI plc and BAA plc. At TBI plc he was Business Development Director and Executive Director at Luton Airport and was responsible for commercial operations and aviation development activities. Previously, he has also been a Director of Bristol Airport (and Chairman), Birmingham Airport, Brussels Airport, Copenhagen Airport (and Deputy Chairman) and Newcastle Airport and is currently a Director of Aberdeen, Glasgow and Southampton ("AGS") Airports

Simon holds a Bachelor of Science (Hons) in Transport Studies, a Master of Business Administration and is a member of the Chartered Institute of Logistics & Transport.

John Bruen, Director

Appointed to the Board July 2019.

John leads the transport sector team for MIRA in Europe. In this capacity he leads major transport transactions and the management of the growing portfolio of transport assets in the investment portfolio. John is currently a director of AGS Airports, Farnborough Airport and HES International.

John joined MIRA in 2013. Prior to joining, John spent seven years at Ferrovial, one of the world’s leading infrastructure investors, as Corporate Development Director.

BOARD COMPOSITION - continued

Brandon O'Reilly, Director

Appointed to the Board September 2020.

Brandon was the Chief Executive Officer of the Group from 2006 until retiring in July 2020. Brandon has 40 years of experience in the aviation industry and has previously held senior positions with British Airways, American Airlines and United Airlines.

Brandon is a Fellow of the Royal Aeronautical Society.

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.

SECTION 172 OF THE COMPANIES ACT 2006 - continued

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.

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 contact. 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.

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

....
J K Bruen - Director

Date: 29/06/2021

3 Bunhill Row
London
England
EC1Y 8YZ

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditor's Report, for the 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 2 - 8 and form part of this report by cross reference.

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 the 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 Statments, 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. The directors 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 consider the Annual Report and Financial Statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity, as detailed in “Walker Reporting” guidance.

STREAMLINED ENERGY AND CARBON REPORTING (“SECR”)

Scope

This report was undertaken in accordance with the SECR requirements, outlined in the Companies Act (2006) for large quoted and unlisted companies which requires Farnborough Airport Bidco Limited to report on its Greenhouse Gas (GHG) emissions. This report contains details on energy consumption and GHG emissions for the group covering the reporting period together with energy efficiency actions implemented. Where incomplete data for electricity consumption, gas consumption or transport fuel consumption exists, estimation of consumption based on the pro-rated average of previous energy consumption is made. Where such techniques have been applied, this is documented in the report. Where assumptions are made in lieu of available data, they are stated in this report. This report fulfils the SECR disclosure for Farnborough Airport Bidco Limited for the 2020 financial year.

Analysis and data collection

Primary data has been collected for all group operated buildings and infrastructure (passenger terminal, control tower, other ancillary buildings, and lighting systems, Aviator hotel and Swan pub), including electricity consumption (kWh), gas consumption (kWh). Data on fuel usage across the airport site has been compiled from fuel management systems (fuel cards) and invoicing records, this includes those used for on-airport transport and fire training (red / white diesel, unleaded petrol, LPG and Jet A1). All primary data used within this report covers the period January 1, 2020 to December 31, 2020, in accordance with the financial year. The scope of the GHG emissions calculation encompasses all Farnborough Airport group operations under Scope 1 and 2 together with Scope 3 emissions related to business travel in privately owned vehicles (grey fleet).

Calculation Methodology
The BEIS and Greenhouse Gas Protocol Corporate Reporting Standard (GHG Protocol) methodology has been used to compile this GHG data with calculations for CO2, N2O and CH4, undertaken using the UK Government GHG Conversion Factors for Company Reporting (2020). To ensure consistency all GHG emissions are reported as in units of CO2e (carbon dioxide equivalent).

Energy Consumption
The table below displays annual energy consumption for electricity, natural gas, company vehicles and plant, and grey fleet business travel for the reporting period, presented in kilowatt hours (kWh).

Emissions Source	GHG Scope (protocol)	Reporting Units	Jan 1 - Dec 31, 2020
Natural Gas	Scope 1	kWh	4,056,374
Owned vehicles & plant	Scope 1	kWh	924,595
Fire Training	Scope 1	kWh	48,630
Electricity 1	Scope 2	kWh	6,557,002
Grey fleet business travel 2	Scope 3	kWh	9,167
Total Energy Consumption	**All**	**kwh**	**11,595,768**

Scope 1: Includes electricity purchased and generated on-site.
Scope 2: Based on travel in an average car and unknown fuel type.

GHG Emissions Reporting
In accordance with the SECR requirements outlined in the Companies Act for large companies, the Farnborough Airport Bidco Limited GHG disclosure for the 2020 financial year is presented below. Results have been split by Scope as outlined by the GHG Protocol calculation methodology.

GHG Emissions Scope	Units	Jan1 - Dec31, 2020	Percentage of GHC Emissions
Scope 1	tCO2e	979	62.4%
Scope 2	tCO2e	456	29.1%
Scope 3	tCO2e	133	8.5%
Total GHG Emissions	tCO2e	1,568	100.0%

GHG Emissions intensity	tCO2e / £M EDITDA	78	
GHG Emissions intensity	tCO2e / MTOW kilotonne	3.8	

Scope 3: Includes emissions from purchased electricity (zero airport emissions related to purchased electricity due to REGO contract) and generated electricity (for which carbon benefit has already been realised through FiTs payments).

Total GHG Emissions for required Scope 1, 2 and 3 emissions for the reporting period total 1,568 tCO2e. The quoted GHG Emissions intensity metric (tCO2e / £M EDITDA) is applied as an alternative to the more commonly airport employed tCO2e / million passengers. This is due the nature of private business aviation in which passenger numbers are relatively low and not necessary linked to business performance. Additionally, focus on EBITDA allows other elements of performance, including airport tenancy and fuel sales to be accounted. The calculated total serves as the baseline for GHG emissions and will be used to benchmark future performance through SECR, noting the significant impact of COVID-19 during 2020 on operations of all entities within the group.

Principal Energy Efficiency Actions
Farnborough Airport operates a programme for LED lighting upgrades across airport infrastructure. Progress with such projects, planned in 2020 in relation to airport hangars, has been significantly delayed due to the impact of COVID-19, restricting the access of third parties to the site to make the required assessments. However, a project to upgrade 76 lighting units at the Fire Station was completed in December with an estimated annual kWh saving of 27,000.

Farnborough Airport has maintained Airport Carbon Accreditation (ACA) Level 3+ certification since 2018. This has required annual offset of residual GHG emissions (Scope 1 & 2) to maintain carbon neutral status. In addition to offsetting through credible Verified Carbon Standard projects, Farnborough Airport has undertaken local tree planting projects in collaboration with local schools, charities, and the local planning authority, with a view to providing economic, social, and environmental benefit to the local community.

PRINCIPAL ACTIVITY
The Group’s principal activities are the operation of Farnborough Airport, offering a full service private airport for passengers, crew and aircraft, private aviation services, and the Aviator Hotel.

RESULTS AND DIVIDENDS
The loss for the year after taxation amounted to £27.2m. This included £4.1m of business interruption insurance, £1.4m of UK Government furlough support schemes, and £0.6m of exceptional costs related to the acquisition of Farnborough Airport (Holdings) Limited. The Directors do not recommend payment of a dividend.

DIRECTORS
The Directors who have held office during the period 1 January 2020 to the date of this report are as follows:

J K Bruen
S B Geere
R E W D Watt (resigned 29th September 2020)
B O'Reilly (appointed 29th September 2020)

DIRECTORS' INDEMNITIES
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the financial period and remain in force at the date of this report.

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 the cashflows, liquidity and banking ratios within the Consolidated Group. The Group has external debt finance in Farnborough Airport Bidco Limited (“FABL”). 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. Based on the forecasts 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 potential impact 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 and headroom under banking ratios. For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements. Further details are provided in note 1 to the Financial Statements.

DISABLED EMPLOYEES
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

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 auditor 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.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

....
J K Bruen - Director

Date: 29/06/2021

3 Bunhill Row
London
England
EC1Y 8YZ

Directors' Responsibilities Statement
for the 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 the 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 Group and of the profit or loss of the Group for that year.

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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group 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 Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion the Financial Statements of Farnborough Airport Bidco Limited (the ‘parent company’) and its subsidiaries (the ‘Group’):

- give a true and fair view of the state of the Group’s and of the parent company’s affairs as at 31st December 2020 and of the Group’s profit for the 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 consolidated Profit and Loss Account;
- the consolidated and parent company Balance Sheets;
- the consolidated and parent company Statement of Changes in Equity;
- the consolidated Cash Flow Statement;
- the statement of accounting policies; and
- the related notes 1 to 23.

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 Group and the parent 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 Group’s and parent company’s ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

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 Group's and the parent 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 Group or the parent 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 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.

We considered the nature of the Group's industry and its control environment, and reviewed the Group'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 frameworks that the Group 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 the 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 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 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 3rd party data.

- Accounting for Government support:
  We have assessed the controls over the furlough calculations, selected a sample of employees for whom amounts have been claimed and confirmed their eligibility, traced to payslips and furlough letters. Grant income has also been tested, ensuring recognition and disclosure is in line with FRS102.

- Impairment of assets:
  We have obtained management's impairment calculation, assessed controls over the review of the calculation and challenged the assumptions regarding future cashflow, long term growth and discount rate used by management in the forecasts, and considered the extent to which contradictory evidence exists. We have also reviewed the related disclosures to ensure that they meet the requirements of FRS102.

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, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated 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 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 report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Hannah Pop, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 29 June 21

Farnborough Airport Bidco Limited

Consolidated Profit and Loss Account
for the Year Ended 31 December 2020

	Note	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
TURNOVER	3	53,627,180	21,198,604
Cost of sales		(29,886,230)	(10,700,422)
GROSS PROFIT		23,740,950	10,498,182
Administrative expenses		(35,746,891)	(8,980,073)
Exceptional items		(563,121)	(1,734,921)
Other operating income	5	5,459,624	96,800
OPERATING LOSS		(7,109,438)	(120,012)
Finance costs (net)	6	(23,595,963)	(6,014,924)
LOSS BEFORE TAXATION	7	(30,705,401)	(6,134,936)
Tax on loss	8	3,524,914	895,037
LOSS FOR THE FINANCIAL YEAR		(27,180,487)	(5,239,899)

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

All amounts relate to continuing operations.

Included within other operating income is an amount of £4,060,000 (2019: £nil) relating to a Business Interruption Insurance claim. Also included in other operating income is an amount of £1,399,624 (2109: £nil) relating to UK Government Furlough support schemes of which £981,047 related to the Aviator Hotel (Farnborough) Limited and £418,577 relates to Farnborough Airport Limited.

Consolidated Balance Sheet
As at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	567,006,951	593,044,430
Tangible assets	10	167,470,712	168,820,554
		734,477,663	761,864,984
CURRENT ASSETS			
Stocks	12	377,084	523,779
Debtors	13	10,349,941	10,444,373
Cash at bank and in hand		35,689,511	17,769,855
		46,416,536	28,738,007
CREDITORS			
Amounts falling due within one year	14	(28,234,731)	(9,709,004)
NET CURRENT ASSETS		18,181,805	19,029,003
TOTAL ASSETS LESS CURRENT LIABILITIES		752,659,468	780,893,987
CREDITORS			
Amounts falling due after more than one year	15	(455,608,329)	(450,388,487)
PROVISIONS FOR LIABILITIES	16	(114,956,313)	(121,230,187)
NET ASSETS		182,094,826	209,275,313
CAPITAL AND RESERVES			
Called up share capital	17	500	500
Share premium		214,514,712	214,514,712
Retained earnings		(32,420,386)	(5,239,899)
SHAREHOLDERS' FUNDS		182,094,826	209,275,313

The Financial Statements of Farnborough Airport Bidco Limited (registered number: 12123129) were approved by the Board of Directors and authorised for issue on ....29/06/2021.................. and were signed on its behalf by:

....
J K Bruen - Director

The notes form part of these Financial Statements

Farnborough Airport Bidco Limited

Company Balance Sheet
As at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Investments	11	618,153,781	618,134,173
		618,153,781	618,134,173
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	2,995,142	714,202
Debtors: amounts falling due after more than one year	13	39,535,374	38,880,826
Cash at bank and in hand		1,527,225	2,340,741
		44,057,741	41,935,769
CREDITORS			
Amounts falling due within one year	14	(19,023,051)	(480,434)
NET CURRENT ASSETS		25,034,690	41,455,335
TOTAL ASSETS LESS CURRENT LIABILITIES		643,188,471	659,589,508
CREDITORS			
Amounts falling due after more than one year	15	(455,608,329)	(450,388,487)
PROVISIONS FOR LIABILITIES	16	2,212,121	378,270
NET ASSETS		189,792,263	209,579,291
CAPITAL AND RESERVES			
Called up share capital	17	500	500
Share premium		214,514,712	214,514,712
Retained earnings		(24,722,949)	(4,935,921)
SHAREHOLDERS' FUNDS		189,792,263	209,579,291

The loss for the financial year dealt with in the Financial Statements of the parent Company was £19,787,028 (2019: £4,935,921).

The Financial Statements of Farnborough Airport Bidco Limited (registered number: 12123129) were approved by the Board of Directors and authorised for issue on ......29/06/2021...................... and were signed on its behalf by:

....
J K Bruen - Director

The notes form part of these Financial Statements

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 25 July 2019	-	-	-	-
Issue of share capital	500	214,514,712	-	214,515,212
Total comprehensive expense	-	-	(5,239,899)	(5,239,899)
Balance at 31 December 2019	500	214,514,712	(5,239,899)	209,275,313
Total comprehensive expense	-	-	(27,180,487)	(27,180,487)
Balance at 31 December 2020	500	214,514,712	(32,420,386)	182,094,826

The notes form part of these Financial Statements

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 25 July 2019	-	-	-	-
Issue of share capital	500	214,514,712	-	214,515,212
Total comprehensive expense	-	-	(4,935,921)	(4,935,921)
Balance at 31 December 2019	500	214,514,712	(4,935,921)	209,579,291
Total comprehensive expense	-	-	(19,787,028)	(19,787,028)
Balance at 31 December 2020	500	214,514,712	(24,722,949)	189,792,263

The notes form part of these Financial Statements

Farnborough Airport Bidco Limited

Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

	Note	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Net cash flows generated from/(used in) operating activities	18	17,992,400	(11,867,893)
Cash flows from investing activities			
Purchase of investments		(19,608)	-
Purchases of tangible fixed assets		(4,098,141)	(1,063,667)
Acquisition of subsidiary		-	18,639,376
Interest received		45,005	13,459
Net cash (used in)/generated from investing activities		(4,072,744)	17,589,168
Cash flows from financing activities			
Repayments of borrowings		-	(12,764,670)
New bank loans raised		4,000,000	24,813,250
Net cash flows generated from financing activities		4,000,000	12,048,580
Net increase in cash and cash equivalents		17,919,656	17,769,855
Cash and cash equivalents at beginning of year		17,769,855	-
Cash and cash equivalents at end of year		35,689,511	17,769,855

The notes form part of these Financial Statements

1. ACCOUNTING POLICIES

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

General information and basis of accounting
Farnborough Airport Bidco Limited 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 shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Directors' Report on page 11.

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) issued by the Financial Reporting Council.

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

Farnborough Airport Bidco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to company only statements of profit and losses, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Basis of consolidation
The Group financial statements consolidate the Financial Statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the year from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern
The Group closely monitors and manages its funding position and liquidity risk throughout the year, including monitoring forecast covenant results to ensure it does not breach debt covenants.

At 31 December 2020, the Group had cash balances of £35.7m, an undrawn working capital financing facility of £10m and an undrawn facility in place to fund future capital expenditure of £39.4m.

Performance in 2021 year to date continues to be impacted by restrictions related to the Covid-19 Pandemic however the Group remains cash flow positive May 2021 year to date. There are signs of recovery in ATM numbers with April and May ATMs being 63% of the 2019 comparative.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue to operate for the next 12 months. For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements. Further details are shown in the Directors' Report.

Intangible assets
Management has identified through the fair value exercise performed for the acquisition (see note 11) that the only intangible asset that meets the recognition criteria of FRS102 is the licence to operate the Farnborough airport. The licence is recognised at fair value using a Multi-year Excess Earnings Methodology. The licence to operate is being amortised over a 25 year period.

1. **ACCOUNTING POLICIES - continued**

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, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a reducing balance basis over its expected useful life as follows:

Freehold buildings	Over 15-40 years depending on building type
Airfields	1% to 11% reducing balance
Fixtures, fittings, tools and equipment	12% to 33% reducing balance
Motor vehicles	20% to 25% reducing balance
Hotel buildings	2.5% straight line

The Group capitalises directly attributable interest and finance costs on all tangible fixed assets in the course of construction from the date construction commences until the date when the assets are ready for use. No depreciation is provided until the assets are brought into use.

Fixed asset investments
The investments are unlisted and are stated at cost less any provision for impairment in value.

Stocks
Stocks are stated at the lower of cost and 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. There is no difference between replacement value and book value of stocks.

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 Group's taxable profits and its results as stated the financial statements that arise from the inclusion of gains and losses in tax assessments in year 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. When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference.

Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

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

Turnover/Other income
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.

1. **ACCOUNTING POLICIES - continued**

Exceptional items
Items which are material either because of their size or their nature and which are non-recurring outside of business as usual activity, are presented separately in the Profit and Loss Account. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Exceptional items of £0.6m (2019: £1.7m) relate to the costs of the acquisition.

Foreign currency
Foreign currency transactions are translated into sterling at the rates ruling at the end of the month in which the transaction took place. Foreign currency 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.

Leases
Rentals paid under operating leases are charged to the Profit and Loss Account in equal amounts over the term of the lease. 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.

Pensions
The Group operates a defined contribution plan for all staff, the costs of which are recognised as they fall due for payment.

Financial instruments
Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its liabilities.

Financial assets and liabilities
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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 Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) 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 year or prior periods.
(c) 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 relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

1. **ACCOUNTING POLICIES - continued**

Financial assets liabilities
Debt instruments that are classified as payable or receivable within one year 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. Other debt instruments not meeting these conditions are measured at fair value through profit or loss. 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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset, to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment of assets
At each Balance Sheet date, the Group 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, The Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher value of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows 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 the Profit and Loss Account.

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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. 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.

1. **ACCOUNTING POLICIES - continued**

Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements.

The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

2. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group'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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical accounting judgements
Accounting for Business Interruption Insurance
The Group has Business Interruption insurance policies (“BI”) which provide cover for the impact of the Covid-19 pandemic on the Group. The insurer has confirmed that the BI policies will cover business interruption losses suffered by the Group as a result of the Covid-19 pandemic within the geographical limits and period of insurance covered by the BI policies. The Group has engaged a professional claims management firm to progress the claim. Based on review of the BI policies and analysis of the financial impact of the Covid-19 pandemic on the Group an amount of £4.1m has been recognised in the income statement under other income. As at year end an interim payment of £0.5m has been received from the insurer with £3.6m on the Balance Sheet as a recoverable amount.

Key sources of estimation uncertainty
Indicator of impairment
The Covid-19 pandemic has had a material impact on the financial performance of the airport and hospitality businesses since Q1 2020 (the two cash generating units ("CGU") of the business). Whilst it is expected that the two businesses will return to normalised operations over the medium term the impact of the covid-19 pandemic is an external market indicator of possible impairment. As a result a formal impairment review has been performed.

Assumptions on discounted cash flow
In assessing value in use of tangible and intangible assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment 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.

Several key estimates have been made to determine discounted cashflows:

Discount rate - a discount rate of 9.25% has been applied calculated using market data and capital asset pricing methodology.

CGUs – it has been determined that the Group has two, the airport and the hospitality businesses.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Cashflows for 2021 to 2025 - these are based on the Board approved 5-year Business Plan. The Business Plan assumes a lifting of UK domestic and international travel and operating restrictions over 2021. ATMs are assumed to return to pre-covid19 levels in 2022 and then grow and over the remaining period. This together with pricing assumptions delivers year on year cashflow growth over the period. The hospitality Business Plan assume that UK restrictions are lifted during the first half of 2021.

Terminal Growth factors – the airport CGU assumes a terminal growth factor of 3%. This reflects both the anticipated ATM growth over time and the impact of pricing decisions. The hospitality CGU assumes a terminal growth factor of 2% .

Based on these assumptions the value in use analysis supports the carrying value of tangible and intangible assets across the Group. To reflect the estimation uncertainty sensitivity analysis on discount rates, cashflows over the 2021 to 2025 and on terminal growth rate assumptions was completed.

Under possible downside scenarios the carrying value of the airport CGU would be impaired. Increasing the discount rate to 12% would result in an impairment of £134.2m, reducing cash flows for 2021 to 2025 by 15% each year would result in an impairment of £33.7m and reducing the terminal growth factor to 2% would result in an impairment of £41.6m. Whilst these scenarios are possible under the base case estimations there remains material headroom to impairment for the airport CGU and as a result the Directors concluded that no impairment is appropriate.

The hospitality CGU maintained headroom to impairment under the scenarios where the discount rate was increased to 12%, cash flows over the 2021 to 2025 period were reduced by 15% and the terminal growth factor was reduced to 1%.

3. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Group's activities after deduction of value added tax. All group companies operate in the United Kingdom. In the opinion of the Directors, the Group operates the following classes of business, as disclosed in the Directors' Report, which are all based in the UK. An analysis of the Group's revenue (including turnover) by category is as follows:

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Airport operations	48,151,253	18,475,573
Hotel operations	5,475,927	2,723,031
	53,627,180	21,198,604

An analysis of the Group's revenue (including turnover) by category is as follows:

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Rendering of services	35,903,031	12,744,829
Sale of goods	17,724,149	8,453,775
	53,627,180	21,198,604

4. EMPLOYEES AND DIRECTORS

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Wages and salaries	10,079,443	3,138,942
Social security costs	933,132	359,548
Other pension costs	310,373	69,427
	11,322,948	3,567,917

The average monthly number of employees (including executive Directors) during the year was as follows:

	2020 No.	2019 No.
Production and distribution	313	335
Sales and administration	41	32
	354	367

The Company had no staff (2019: nil) and no staff costs (2019: nil)

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.

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.

5. OTHER OPERATING INCOME

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
UK Government's Coronavirus Job Retention Scheme Grants (Airport)	418,577	-
UK Government's Coronavirus Job Retention Scheme Grants (Hotel)	981,047	-
Business Interruption Insurance Claim	4,060,000	-
	5,459,624	-

There are no conditions or contingencies attached to this income.

6. FINANCE COSTS (NET)

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Interest payable and similar expenses	23,640,968	6,028,383
Bank interest receivable	(45,005)	(13,459)
Finance costs (net)	23,595,963	6,014,924
Interest payable and similar expenses		
Bank loans and overdrafts	3,213,032	1,294,136
Shareholders loan	20,427,936	4,734,247
Total	23,640,968	6,028,383

7. LOSS BEFORE TAXATION

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
This is stated after charging/(crediting):		
Auditor's remuneration:		
- audit of the Company	12,510	11,000
- audit of the subsidiaries of the Company	98,790	87,470
- other services	68,000	144,598
- taxation compliance services	91,000	15,785
- other taxation advisory services	25,000	34,000
Depreciation of tangible fixed assets (note 9)	5,467,145	1,552,433
Amortisation of intangible fixed assets (note 8)	26,037,479	6,514,272
Loss on disposal of fixed assets	27,455	3,812
Losses/(gains) on fair value movement of derivatives	-	(96,800)

8. TAXATION

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Current tax:		
UK corporation tax	2,430,137	275,703
Adjustment in respect of previous periods	318,823	(591)
Total current tax	2,748,960	275,112
Deferred tax:		
Origination and reversal of timing differences	(6,545,877)	(68,145)
Adjustments in respect of previous periods	(188,187)	140,233
Effect of changes in tax rates	460,190	7,173
Deferred tax on fair value adjustment	-	(1,249,410)
Total deferred tax	(6,273,874)	(1,170,149)
Tax on loss	(3,524,914)	(895,037)

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31.12.20 £	Period 25.7.19 to 31.12.19 £
Loss before tax	(30,705,401)	(6,134,936)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(5,834,026)	(1,165,638)
Effects of:		
Expenses not deductible for tax purposes	1,718,475	3,278,346
Adjustments to tax charge in respect of previous periods	130,636	9,127
Effect of changes in tax rates	460,190	(626,661)
Transfer pricing adjustments	(190)	(7,173)
Tax on fair value adjustment	-	(592,964)
Effects of group relief	1	-
Total tax credit	(3,524,914)	895,037

8. **TAXATION - continued**

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%.

9. **INTANGBILE FIXED ASSETS**

Group

	Licenses £
VALUATION	
At 1 January 2020 and 31 December 2020	599,558,702
AMORTISATION	
At 1 January 2020	6,514,272
Charge for the year	26,037,479
At December 2020	32,551,751
NET BOOK VALUE	
At 31 December 2020	567,006,951
At 31 December 2019	593,044,430

Management has identified through the fair value exercise performed for the acquisition that the only intangible asset that meets the recognition criteria of FRS102 is the licence to operate the Farnborough airport. The licence was valued using a Multi-Period Excess Earnings Methodology. The licence to operate is being amortised over a 25 year period. The Group is the freehold owner of Farnborough Airport.

10. **TANGIBLE FIXED ASSETS**

Group

	Land and buildings £	Airfields £	Fixtures & fittings tools and equipment £
VALUATION			
At 1 January 2020	101,552,351	104,395,346	16,888,705
Additions	31,646	1,184,275	1,867,360
Transfers	-	2,348,202	(410,376)
Disposals	-	-	(326,313)
At 31 December 2020	101,583,997	107,927,823	18,019,376
DEPRECIATION			
At 1 January 2020	8,842,259	40,474,772	7,905,156
Charge for year	1,706,610	1,618,179	1,932,600
Eliminated on disposals	-	-	(326,555)
At 31 December 2020	10,548,869	42,092,951	9,511,201
NET BOOK VALUE			
At 31 December 2020	91,035,128	65,834,872	8,508,175
At 31 December 2019	92,710,092	63,920,574	8,983,549

	Motor vehicles £	Assets under construction £	Total £
Cost			
At 1 January 2020	2,311,246	2,511,838	227,659,486
Additions	816,500	198,360	4,098,141
Transfers	-	(1,937,826)	-
Disposals	(394,789)	-	(721,102)
At 31 December 2020	2,732,957	772,372	231,036,525
Depreciation			
At 1 January 2020	1,616,745	-	58,838,932
Charge for year	190,158	-	5,447,547
Eliminated on disposals	(394,111)	-	(720,666)
At 31 December 2020	1,412,792	-	63,565,813
Net book value			
At 31 December 2020	1,320,165	772,372	167,470,712
At 31 December 2019	694,501	2,511,838	168,820,554

10. TANGIBLE FIXED ASSETS - continued

Tangible fixed assets were revalued to fair value at the time of acquisition in 2019. Were these assets to be included at historic cost, their carrying value would be £155m.

The lenders under the external financing set out in note 15 have fixed and floating charges over all assets of the Company.

11. INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2020	618,134,173
Additions	19,608
At 31 December 2020	618,153,781
NET BOOK VALUE	
At 31 December 2020	618,153,781
At 31 December 2019	618,134,173

The parent Company and the Group have direct investments in the following subsidiary undertakings, associates and other significant investments.

Subsidiary undertakings	Principal activity	Holding	%
Farnborough Airport (Holdings) Limited	Managing the activities of head offices	Ordinary	100
Farnborough Airport Limited	Operation of airport	Ordinary	100
Farnborough Airport Freehold Limited	Property owner	Ordinary	100
Farnborough Airport Freehold No.2 Limited	Dormant	Ordinary	100
Farnborough Enterprises No.2 Limited	General administration	Ordinary	100

11. **INVESTMENTS - continued**

Subsidiary undertakings	Principal activity	Holding	%
FHL (BVI)	Dormant	Ordinary	100
Farnborough Enterprises Limited	General administration	Ordinary	100
Farnborough Hotel Limited	Property owner	Ordinary	100
Farnborough Airport Freehold No.3 Limited	Dormant	Ordinary	100
Aviator Hotel (Farnborough) Limited	Operation of hotel	Ordinary	100

The investment in Farnborough Airport (Holdings) Limited is held directly, all other investments are held indirectly.

The registered address of the UK subsidiaries above are:

Subsidiary undertakings	Registered office address
Farnborough Airport (Holdings) Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Farnborough Airport Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Farnborough Airport Freehold Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Farnborough Airport Freehold No.2 Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Farnborough Enterprises No.2 Limited	3 Bunhill Row, London, England, EC1Y 8YZ
FHL (BVI)	125 Main Street, PO Box 144, Road Town Tortola, British Virgin Islands
Farnborough Enterprises Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Farnborough Hotel Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Farnborough Airport Freehold No.3 Limited	3 Bunhill Row, London, England, EC1Y 8YZ
Aviator Hotel (Farnborough) Limited	3 Bunhill Row, London, England, EC1Y 8YZ

12. **STOCKS**

	Group	
	2020	**2019**
	£	**£**
Raw materials and consumables	377,084	523,779

13. DEBTORS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Amounts falling due within one year:				
Trade debtors	4,144,716	7,380,169	-	-
Other debtors	3,804,291	998,515	-	714,202
VAT	-	300	-	-
Prepayments and accrued income	2,400,934	2,065,389	2,995,142	-
	10,349,941	10,444,373	2,995,142	714,202
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	-	-	39,535,374	38,880,826
Aggregate amounts	10,349,941	10,444,373	42,530,516	39,595,028

Amounts owed by Group undertakings are held with Farnborough Airport Limited and Farnborough Enterprises Limited, are non-interest bearing, repayable on demand and will not be called due by the Company for 12 months from the date of signing the Financial Statements.

Included within other debtors is an amount of £3,560,000 (2019: £Nil) relating to a business interruption insurance claim recoverable.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Trade creditors	3,389,034	2,568,303	346,283	-
Corporation tax	1,566,569	119,411	-	-
Other creditors including taxation and social security	275,692	302,413	-	-
VAT creditor	224,089	350,362	-	-
Other	-	375,144	-	-
Accrued expenses	20,343,021	2,846,051	18,049,317	480,434
Deferred income	2,436,326	3,147,320	-	-
Amounts owed to Group undertakings	-	-	627,451	
	28,234,731	9,709,004	19,023,051	480,434

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Bank loan	150,970,882	145,654,240	150,970,882	145,654,240
Shareholders loan	304,734,247	304,734,247	304,734,247	304,734,247
Other	(96,800)	-	(96,800)	-
	455,608,329	450,388,487	455,608,329	450,388,487

The bank loan has interest payable at 3 month LIBOR + 1.75% for year 1 and 2 and increases from 2% to 3% between years 3 and 5. The loan matures 27 September 2024.

The shareholders loan has interest payable at 6% with a maturity date of 7 September 2035.

Borrowings are repayable as follows:

	Bank loan	Shareholders loan
	2020	**2020**
	£	**£**
Between one and five years	150,970,882	-
After five years	-	304,734,247
Total	150,970,882	304,734,247

16. PROVISIONS FOR LIABILITIES

Group
Deferred tax is provided as follows:

	2020	2019
	£	**£**
Provision at start of year	121,230,187	-
Credited to Profit and Loss Account	(6,273,874)	(1,170,149)
Realised on acquisition	-	122,400,336
Provision for deferred tax at the end of the year	114,956,313	121,230,187
Accelerated capital allowances	5,038,645	4,482,071
Corporate interest restriction	(2,212,121)	378,270
Deferred tax on fair value adjustments on acquisitions	112,134,217	117,126,497
Other timing differences	(4,428)	(756,651)
Provision for deferred tax at the end of the year	114,956,313	121,230,187

16. PROVISIONS FOR LIABILITIES - continued

Company

	2020 £	2019 £
Provision at start of year	(378,270)	-
Charged to the Profit and Loss Account	(1,833,851)	(378,270)
Provision for deferred tax at the end of the year	(2,212,121)	(378,270)
Corporate interest restriction	(2,212,121)	(378,270)
Provision for deferred tax at the end of the year	(2,212,121)	(378,270

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
500	Ordinary shares	£1 each	500	500

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

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

18. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Operating loss	(7,109,438)	(120,012)
Adjustments to cash flows from non-cash items:		
Depreciation and amortisation	31,485,026	8,066,705
Loss on sale of tangible fixed assets	27,455	3,813
Operating cash flow before fixed assets	24,403,043	7,950,506
Decrease/(increase) in stocks	146,695	(49,773)
Decrease in trade and other debtors	1,106,324	4,606,119
Decrease in trade and other creditors	(2,099,167)	(24,058,147)
Cash generated from operations	23,556,895	(11,551,295)
Income taxes paid	(1,278,439)	(316,598)
Interest paid	(4,286,056)	-
Net cash flows generated from/(used in) operating activities	17,992,400	(11,867,893)

18. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS - continued

Net debt reconciliation

	31-Dec-19	Cashflows	31-Dec-20
Cash at bank and in hand	17,769,855	17,919,656	35,689,511
	17,769,855	17,919,656	35,689,511
Bank loans	(145,654,240)	(5,316,642)	(150,970,882)
Shareholder loans	(304,734,247)	-	(304,734,247)
Net debt	(432,618,632)	12,603,014	(420,015,618)

19. FINANCIAL INSTRUMENTS

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	
	2020	2019
		£
Financial assets		
Trade and other debtors (see note 12)	7,949,007	8,378,684
	7,949,007	8,378,684
Financial liabilities		
Trade and other creditors (see note 13,14)	3,664,726	3,245,860
	3,664,726	3,245,860

20. DERIVATIVE FINANCIAL INSTRUMENTS

The hedged cash flows are expected to occur and to affect profit or loss over the year to maturity of the interest rate swaps.

Losses of £556,902 (2019: Gains of £96,800) were recognised in the Profit and Loss Account, the Company has not applied hedge accounting.

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curved derived from quoted interest rates.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis. Losses of £556,902 (2019: Gains of £96,800) were recognised in the Profit and Loss Account during the year.

21. RELATED PARTY TRANSACTIONS

Farnborough Airport MidCo Limited ("MidCo"), a Company incorporated in the United Kingdom which holds 100% of the equity in the Company entered into a loan agreement with the Company in September 2019. Under the terms of the loan MidCo loaned £300,000,000 to the Company. Any unpaid interest is added to the outstanding principal. The loan is repayable in September 2035.

22. PROFIT ATTRIBUTABLE TO THE COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate Profit and Loss Account or Statement of Comprehensive, Income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's Balance Sheet.

23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company’s ultimate parent company and controlling party at the Balance Sheet date is Macquarie European Infrastructure Fund 6 SCSp, a company incorporated in Luxembourg. This is also the parent undertaking of the largest Group which includes the Company for which Group accounts are prepared. The Group accounts are available from Level 4, 20 Boulevard Royal, L- 2449, Luxembourg.

The parent undertaking of the smallest such group is Farnborough Airport HoldCo Limited (formerly MEIF 6 Parker Holdings Limited), a company registered at 3 Bunhill Row, London, EC1Y 8YZ. The Group accounts are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The Company's immediate controlling party is Farnborough Airport MidCo Limited (formerly MEIF 6 Parker Investments Limited) by virtue of their shareholding.