BRISTOL AIRPORT (UK) No.3 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2019

Company number: 05403024

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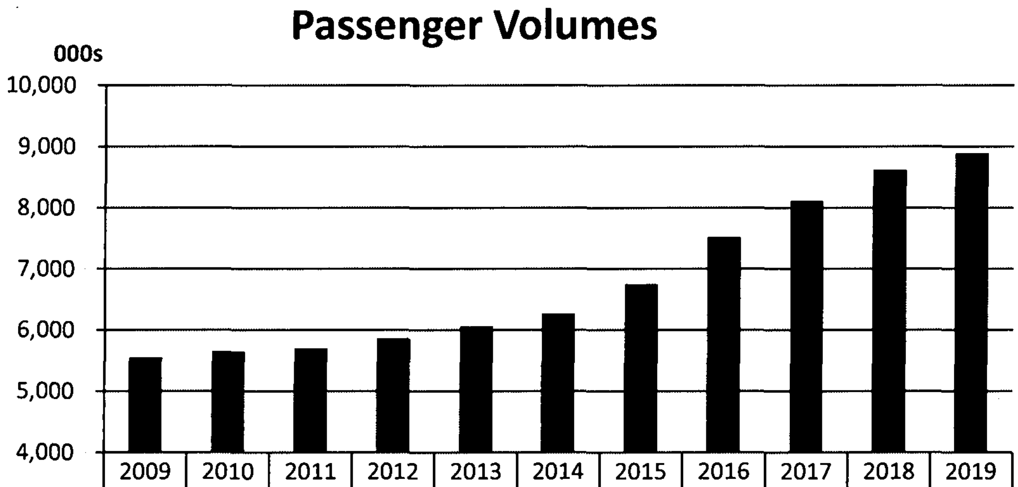
Review of the business

Bristol Airport is the largest airport in the South West and Wales, the third largest airport in England outside London and the eighth largest airport in the United Kingdom based on passenger traffic. In 2019, the airport continued to grow passenger volumes, exceeding 8.9 million passengers. During 2019, Bristol Airport served 127 destinations across 31 countries and the airport now provides direct services to 18 capital cities.

Passenger numbers at Bristol Airport have increased every year since 2009 and have now grown by 60% in the past ten years. Despite the collapse of two major airlines operating from Bristol Airport (BRS) in 2019, passenger volumes still increased by 3.2% (2018: 6.2%), a tenth successive year of growth, with overall annual volumes exceeding 8.9m (2018: 8.6m).



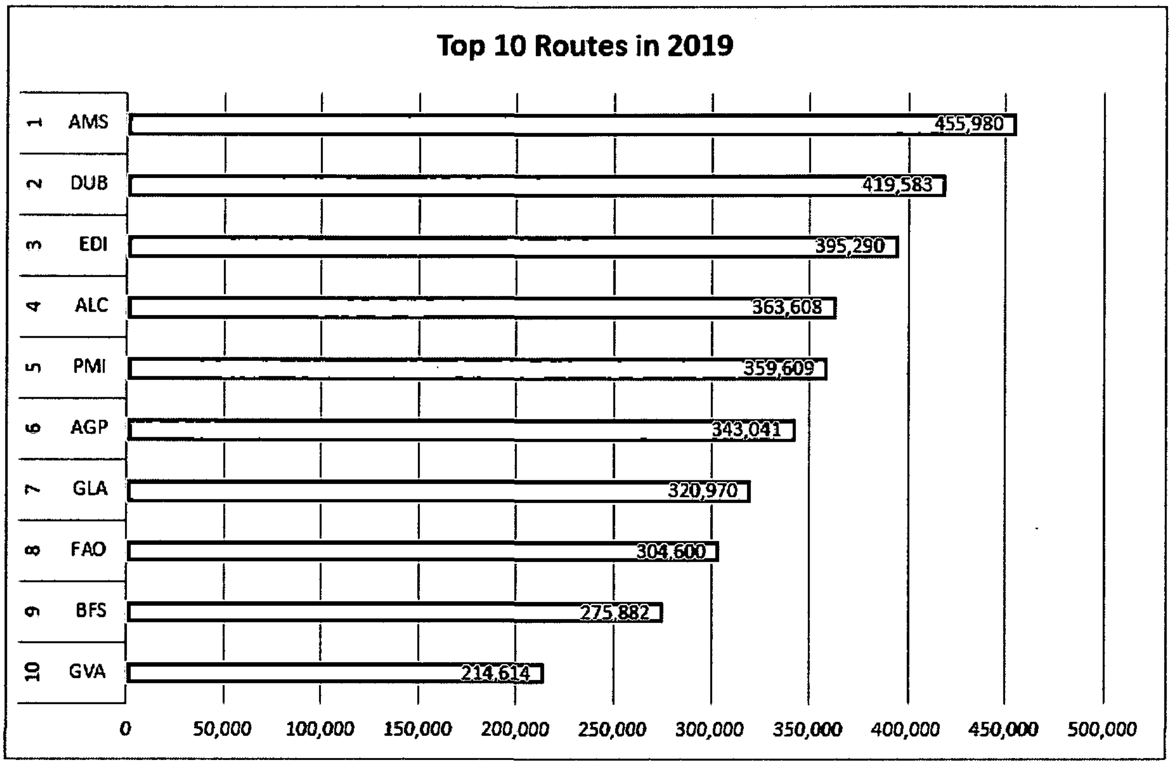
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passengers	5,565	5,668	5,714	5,878	6,075	6,285	6,767	7,531	8,130	8,631	8,904

Most of the growth came from the two largest airlines operating at BRS, easyJet and Ryanair. EasyJet increased passenger volumes by 335,000 compared to 2018 (+6.9%), through the addition of two additional based aircraft delivering almost 2,300 more flights, together with a gradual move towards the larger A320 and A321 aircraft. Ryanair grew passenger volumes by 132,000 (+7.3%) compared to 2018 through the operation of an additional 750 flights on a combination of based and non-based aircraft.

The growth from easyJet and Ryanair was offset by declines from other airlines largely due to the collapse of two major airlines operating from BRS. The failure of Thomas Cook in September 2019 meant that charter passenger numbers in 2019 were 32.8% below last year. Passenger numbers in 2019 were also impacted by the collapse of flybmi in February 2019, which resulted in a decline of almost 190,000 flybmi passengers compared to the number that flew from BRS in 2018. This decline was partially offset by some growth in KLM volumes (+9.0%) compared to last year.

The top 10 destinations by passenger volume in 2019 were largely the same as 2018, with Amsterdam, Dublin and Edinburgh the top three in each year, accounting for 1.27 million passengers in 2019 (2018: 1.24 million). The other destinations in the top 10 were also the same in both years, with the only change in ranking being Alicante rising from sixth to fourth, replacing Malaga, which fell to sixth.

Review of the business (continued)



The higher passenger volumes meant aeronautical revenue was 4.6% above 2018, ahead of passenger growth, with a 1.4% higher yield than 2018 at £4.94 (2018: £4.87) per passenger. The increase in yield was generated from improved new deals with a number of airlines and annual increases in charges for airlines on longer-term contracts.

Commercial revenue increased by 3.6% from 2018, also ahead of passenger growth, with yields 0.4% better than last year. The increase in commercial yield was lower than recent years with weaker consumer confidence leading to a lower propensity to spend in the terminal retail concessions and reduced penetration in onsite car parks putting pressure on car park yields. As a result, car park yield only increased by 0.6% on 2018, compared to an increase of over 11% in 2018 and the concession yield remained flat against 2018, against an increase of 5.2% in 2018 when there had been new investment in a number of the food and beverage concessions.

Operating costs increased by 4.3% on 2018, due to a combination of inflationary pressures, additional costs associated with higher passenger volumes, expanded infrastructure and the write-off of £1.8m of Master Plan costs that had previously been capitalised. These factors all impacted other operating charges which increased by £5.8m compared to 2018. However, the 15.2% increase in other operating charges was partially offset by a 4.0% reduction in payroll costs due to reduced incentive payments and a £0.9m decrease in the depreciation charge due to a number of assets being fully written down in 2018.

The £4.5m growth in revenue exceeded the £4.2m increase in operating costs, resulting in a small increase in operating profit from £15.1m in 2018 to £15.3m this year, with the group operating margin falling 0.3% from 13.4% to 13.1%.

Review of the business (continued)

Expenditure on capital projects in 2019 was £54.7m, the highest investment in the airport's history. This included the completion of a number of new developments across the airport site, which had been commenced in 2018. The main projects included:

- The construction of Lulsgate House and Aviation House to provide new accommodation for the occupants of the Old Terminal Building, prior to its demolition to build more aircraft parking stands.
- The extension of the multi-storey car park to add a further two floors to the original three floors completed in 2018.
- The development of additional aircraft parking stands on the eastern apron and on the southside of the runway.
- A new car hire facility has also been built on the southside to provide a modern dedicated facility for the car hire companies.
- The 12 million passengers per annum (mppa) planning application to enable future growth of the airport beyond 10 mppa.

The airport also continues to invest heavily in improving the IT infrastructure and other plant and machinery, such as the new surface movement radar to improve operations in low visibility conditions.

The growth of BRS provides increasing employment opportunities at the airport. The number of direct employees increased by 8.8% in 2019, and there are significant numbers of indirect staff working for other companies based at the airport, with an average of 4,000 employed across the site in 2019 (2018: 3,900).

COVID-19 Update

The Coronavirus pandemic (COVID-19) has severely impacted global economies and the aviation sector has been one of the industries hardest hit, with airlines grounding the majority of their fleets, resulting in many airports now being effectively closed. Passenger numbers across the UK have fallen by more than 95% compared to last year since the start of the COVID-19 crisis.

BRS experienced a sharp fall in passenger numbers from mid-March resulting in passenger volumes for March being 53% below March 2019. By April, virtually all flights had ceased with passenger volumes in April less than 500, compared to over 700,000 last year. It is currently uncertain how quickly the airlines will bring back capacity and passenger's propensity to fly will recover.

The airport has taken various actions to manage its cashflows given the significant loss of revenue from the lack of passengers. This includes furloughing some of our workforce under the government's Job Retention Scheme and negotiating revised agreements with key suppliers. In addition, the company has agreed a waiver with its lenders to avoid breaching the terms of the debt facility agreements in the next 12 months. Further details on the waivers agreed with the lenders is provided in the Going Concern note in the Directors' Report.

Vision Statement

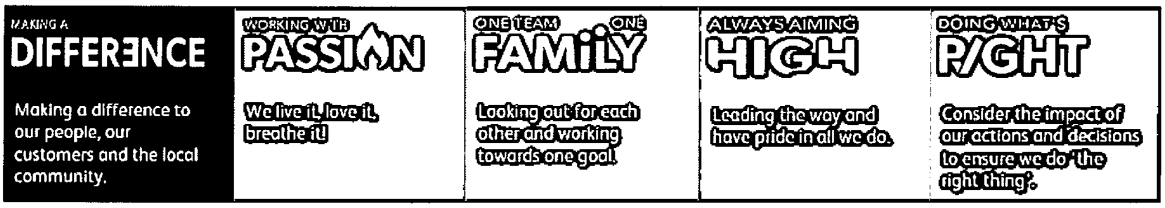
A new vision for Bristol Airport was set out in 2019: "**to be everyone's favourite airport, delivering a future we can all be proud of**".

To be everyone's favourite airport will be achieved by providing a customer experience that makes BRS everyone's first choice to fly from and to, attracting airlines by operating efficiently and being an employer of choice.

Delivering a future we can all be proud of involves growing the airport in a sustainable manner that meets the needs of all key stakeholders (e.g. customers, employees, local communities and shareholder).

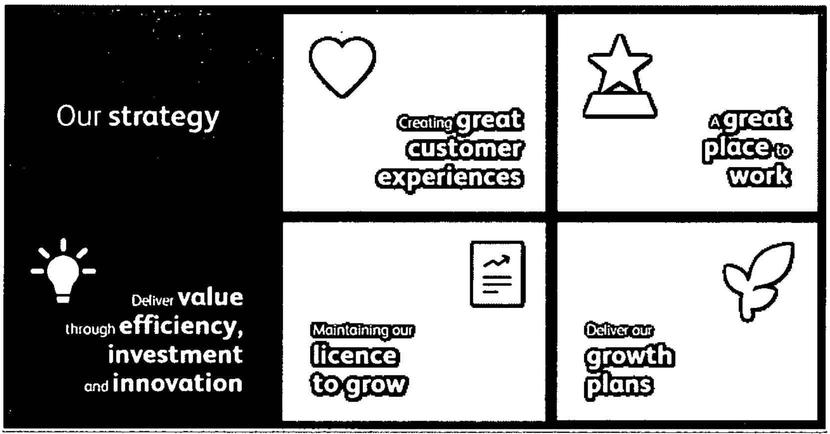
Culture and Values

Delivering on this vision requires a forward-looking and engaged workforce that embraces a culture of change, together with a strong sense of local issues and teamwork. To support our vision, five core values were identified, in consultation with the entire employee base, that would provide a basis for how we want to deliver on our strategic priorities. These values are explained below:



Culture and Values (continued)

In addition to the values the airport has developed a strategy based on five core themes which are detailed below.



Creating Great Customer Experiences

Customer experience improvements will be delivered through continued collaborative working with airline customers and business partners, including ground handling agents. Engagement with our airlines and business partners is essential to the smooth-running of the airport and this is achieved through regular engagement sessions with operational and senior management as well as day-to-day operational meetings to review performance and consider where improvements can be made

The success of this engagement is demonstrated through Bristol Airport achieving 1st place in the ASQ ACI Awards for European Airports in the 5-10 million passenger category in 2018 and being highly commended in 2019. The aim will be to continue its high standards for customer service through continued investment in maintaining and enhancing the facilities it offers to its airlines and passengers. Over time these investments will include new car parking and public transport facilities, increased terminal capacity (including new retail and lounge facilities), improved wayfinding through the airport and continued growth in gates and stands to accommodate additional based aircraft.

A Great Place to Work

Our aspirations for our people are as follows:

- Ensure every colleague is engaged with the Company's vision and values, understands their personal contribution, has the information and opportunity to perform to their potential, and feels valued
- Create a culture of learning, development, high performance and continuous improvement
- Ensure we provide a workplace that is safe, secure and actively supports employee well-being
- Ensure that our workplaces and teams positively embrace and promote diversity and inclusion

These aspirations are built on solid foundations with a recent employee engagement survey, facilitated by Best Companies, identifying the business as "One To Watch" and our aim is to play a leadership role within the region, championing inclusivity and employment opportunities, and developing a talented and engaged workforce.

The airport's approach to diversity and employee engagement are outlined in the Directors' Report.

Deliver Value Through Efficiency, Investment and Innovation

As the airport develops, ensuring a focus on value through continuous improvement, investment and efficiency will be essential to maintaining a sustainable business model.

The business will be running continuous improvement projects across the airport to identify areas where efficiencies and/or customer experience can be improved. To support this a digital roadmap has been developed to prioritise the key areas where digital technologies can provide value to the organisation. This will cover:

- Efficient and effective enterprise platforms to support collaboration and embed core Bristol Airport processes;
- Improving the passenger experience through the use of digital technologies and embracing leading-edge technology to make the passenger's journey as frictionless as possible; and
- Developing a central platform that provides enhanced capability to plan operational requirements across the airport and then operate through an efficient and effective command centre.

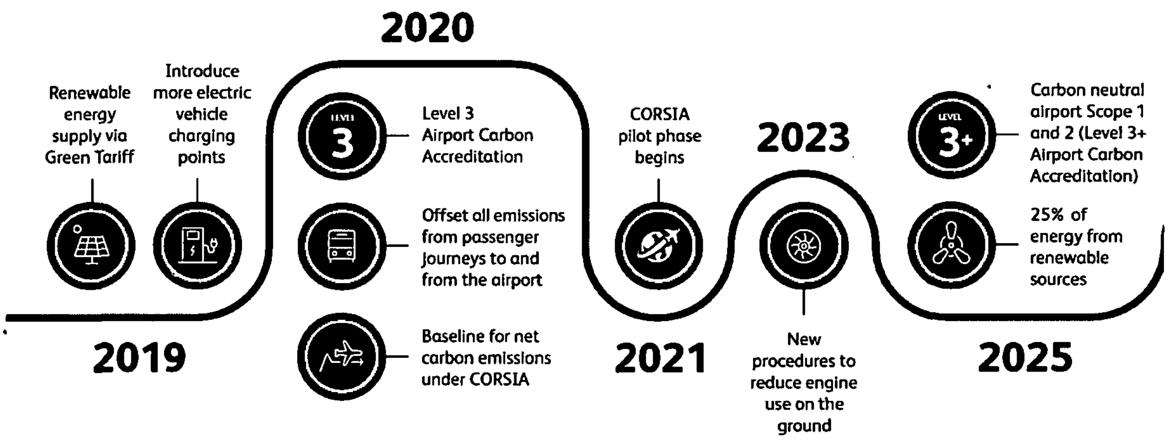
Development of sustainable procurement policies and procedures will be continued with a focus on extracting value from the local supply chain through established business partner relationships. Bristol Airport has created longstanding relationships with its suppliers and business partners over many years and ensures that key suppliers understand the business and integrate into its operations. A continued procurement focus will further develop these relationships to ensure that the airport has a sustainable supply chain moving forward.

Maintaining Our License to Grow

In the airport's vision and strategy there is clear recognition that future growth needs to be underpinned with sustainability principles. The airport has identified four core areas for strategic development:

1. Carbon Emissions

In 2019 the airport's first Carbon Roadmap was published, explaining how carbon neutrality for direct emissions would be achieved by 2025, alongside a commitment to offset emissions generated by the surface journeys of staff and passengers, becoming the first UK airport to make this step. In addition, the airport switched to a 100 per cent renewable electricity supply, with an ambition to generate 25 per cent of its energy needs through onsite renewable sources by 2025.



New facilities opened in 2019 were constructed to improved environmental standards. For example, Lulsgate House (home to the airport's back office support functions) features photo-voltaic solar panels, intelligent lighting and super-efficient air handling and heat recovery systems. Further investments will be made in sustainable projects over the next 5 years to achieve our carbon neutral position. This will include:

- Further investment in onsite renewable generation;
- Electrification of the BRS vehicle fleet; and
- Additional investment in energy efficiency measures, such as replacement of transformers with ultra-low loss alternatives, upgrades to the building management system and improvements to the air handling systems.

2. Use of Resources

- The businesses onsite recycling rates have continued to increase year on year. The 2019 target of 55% has been met and a new commitment has been made to increase this target to 57% for 2020.
- A new airline waste trial for 2020 will see waste from certain on-site business partners being segregated at source and recycling rates increased.
- BRS is also actively seeking to reduce waste, especially single use plastics, with the addition of signage and dedicated passenger water fountains covering all areas of the terminal in 2019.

Maintaining Our License to Grow (continued)

3. Local Community

- The airport operates a noise insulation grant scheme designed to provide replacement windows and loft insulation to eligible properties in the communities around the airport. This scheme has been very successful, with over £176,000 being allocated in noise insulation grants during 2019.
- BRS is also seeking to achieve 83% of all aircraft arrivals completing Continuous Descent Approaches (CDAs) in 2020 and 85% by 2023. CDAs are employed to reduce the noise impact associated with inbound aircraft and provide fuel efficiency benefits.

4. Transport Access

- The airport achieved a 13% public transport modal share for passengers to and from BRS in 2019 and is targeting to increase this to 13.5% in 2020. The current planning application target is to achieve 15% by the time the airport reaches 10 million passengers per annum.
- Currently 21% of staff travel to work using sustainable transport methods, which includes public transport, car share, walking or cycling.
- BRS are also promoting the use of electrical vehicles though the installation of charging points at various locations on the airport.

As part of our ongoing commitment to deliver our vision in an environmentally responsible manner, the business has been recently accredited with ISO14001: Environmental Management Systems, which covers all airport operations. This demonstrates the governance and controls that the business employs to ensure environmental issues are addressed appropriately.

Deliver Our Plans to Grow

At the heart of the new vision is an ambition to maintain and build on Bristol's position as the major airport serving the South West of the UK. Consistent growth in passenger numbers over the last decade has seen Bristol overtake Glasgow to become the eighth busiest airport in the UK, and market share in key parts of the Airport's catchment area has increased.

Despite this continued increase in passenger demand at the airport, analysis of Civil Aviation Authority data suggests that leakage of traffic from South West England and South Wales to London airports remains significant. Further investment in facilities alongside enhancements to Bristol's route network (including new destinations and increased frequency on existing services) will seek to address this by providing more options for customers currently choosing to make surface journeys to the South East in order to fly.

Inbound tourism represents another opportunity for growth. An estimated 1.5 million journeys were made by overseas residents using Bristol Airport in 2019, generating benefits for the visitor economy in Bristol, Bath, Somerset and the wider South West and South Wales. Additions to the route network, combined with overseas marketing campaigns in partnership with destination management organisations in the region, are expected to drive further gains in this area.

Strategic KPI's

To ensure delivery across all of our key strategic priorities the airport has developed a balanced scorecard that informs the Board on performance of the business. The full dashboard contains 20 measures of performance, however, the top-5 have been highlighted below

	2019 Actual	2018 Actual
EBITDA per passenger	£6.21	£6.48
Number of Accidents (employees, passengers and visitors)	45	33
Airport Service Quality (ASQ) - average for year	4.17	4.17
Employee Turnover	14%	20%
Carbon Emissions (CO^2)	4,495,782 kg	5,670,795 kg

The carbon emissions figure represents the volume of CO^2 emissions generated from the use of electricity and gas at BRS.

Section 172 Statement

The directors of the airport have clear regard to their responsibilities and in particular the requirements set out in section 172(1)(a) to (f). The Board of Directors meets on a regular basis and ensure that the key aspects of their responsibilities are discharged at these meetings. Key aspects of the Board Agenda in 2019 that demonstrate compliance with Section 172(1)(a) to (f) are as follows:

Section 172(1)(a) to (f) Requirements	Board Agenda Item(s)
Likely consequences of any decision in the long term	• The Board has spent a significant amount of its time in 2019 with regard to the strategic priorities of the business and what this will mean for future decisions. These strategic priorities have been explained previously in the Strategic Report and ongoing measurement of performance by the Board will ensure that the longer-term implications of decisions are continuously assessed against these strategic criteria. • The Board have used this strategy review to build and assess the longer-term sustainability of the business through a 30-year Business Plan. This Business Plan has considered various scenarios including: o Future planning constraints and delays o Economic uncertainty o Competition from other airports; and o Consolidation of airlines through a drive for reduced capacity. Future decisions will have these scenarios in mind to ensure that the business maintains its longer term value to all stakeholders.

Section 172 Statement (continued)

Section 172(1)(a) to (f) Requirements	Board Agenda Item(s)
Interests of the company's employees	• The Board have endorsed a new People Strategy in 2019 which will deliver the strategic priority of creating A Great Place to Work. The People Strategy covers several critical areas to improve the engagement of the company's employees, this includes: o Talent Management and Succession Planning; o Learning and Development; o Wellbeing; and o Flexible Working. • The Board also review the actions from the annual Best Companies Survey to track how overall engagement for employees is being delivered and ensure that management are addressing these key actions. Finally, the Board play a critical oversight role on Health and Safety processes and procedures, challenging management to ensure lessons are learned from reported accidents and incidents across the site. The Board have also undertaken Health and Safety walkarounds during the year to show their commitment to the promotion of good Health and Safety practice across the organisation.
Need to foster the company's business relationships with suppliers, customers and others	• The Board discusses all new business relationships above an agreed financial materiality level before they are committed. In doing this the Board considers how these relationships can be enhanced and managed to create value and benefit for the airport and its suppliers and customers. The Board demonstrated this approach through holding one of its Board Meetings at a key supplier (NATS) and meeting senior management of the supplier for a joint strategic session, including discussions on potential airspace change across the UK.
The impact of the company's operations on the community and the environment	• Issues that may impact the ability of the business to grow are discussed by the Board of Directors. • This provides insights on the critical investments that are being made and committed to improve the company's impact on the community and the environment. This will include regular reports and insights on noise, local community issues and transport / surface access strategy, in particular targets to improve the level of public transport penetration. • The Board has also discussed and endorsed the Carbon Roadmap that has been published in 2019, committing the airport to a Carbon Neutral position by 2025 (see earlier explanation of activities within the Carbon Roadmap).
The desirability of the company maintaining a reputation for high standards of business conduct	• The Board holds a quarterly Audit and Risk Committee where the governance requirements of the business are discussed and various policies relating to the way the Board wish the business to operate are approved. • During the year the Board discussed and approved a revised Anti-Fraud Policy to be clear on the controls and governance required within the business.

Section 172 Statement (continued

Section 172(1)(a) to (f) Requirements	Board Agenda Item(s)
The need to act fairly as between members of the company	• The Board includes two independent non-Executive Directors (including the Chair of the Board) who provide impartial guidance to the board to ensure the company considers the interest of all members. Minutes from all Board Meetings are shared with the members of the company and a management agreement is in place between Ontario Airport Investments Limited and the minority shareholders to ensure their interests are reflected at the Board.

Principal risks and uncertainties

COVID-19 Uncertainties

The COVID-19 pandemic has had a devastating impact on global aviation and it is unclear how quickly the industry will recover from the crisis. The number of commercial flights globally was down 75% by mid April and European passenger traffic fell by 96%. The economic impact of the lockdown measures is expected to result in negative GDP for the majority of the advanced economies in 2020.

The speed of any recovery is very uncertain with a host of factors, including travel restrictions, perception of passenger safety, consumer confidence and the general economic outlook, all likely to effect the demand for air travel. In addition, the financial impact of the crisis could result in more airline failures or contraction in airline capacity, with a number of airlines already announcing large redundancy programmes. The airport has been operating fewer than 15 commercial flights per week since the country went into lockdown with a total of 102 air traffic movements (ATMs) and 1,164 commercial passengers in April and May, compared to almost 11,000 ATMs and over 1.5 million passengers in the same period last year. The number of flights has increased slightly in June. However, the speed of recovery will be highly dependent on passenger demand which is uncertain in the present time.

To mitigate these risks the airport's management are ensuring they are running several scenario's based on these factors to understand the financial and operational requirements of each. The scenario's are being built to ensure that the business can respond to the changing circumstances and provide input to stakeholders, government and industry groups on the required business response to each of them. The airport is already building operational plans to support recovery of passenger numbers with constructive dialogue with airlines, suppliers and government on how to build a safe environment for staff and passengers to return to.

Brexit Uncertainties

The aviation industry has experienced strong growth in the last few years, but the UK and global economic environment have a direct impact on the demand for air travel and ultimately the growth potential of the sector. The threat of a Brexit led shock to the UK economy could lead to a period of slower than expected passenger growth and a more challenging economic environment could also drive further consolidation of airlines reducing options for yield increases. The Board and the management team are very aware of the risks facing the industry and are therefore working closely with the government, airlines and other stakeholders to actively manage these risks.

Principal risks and uncertainties (continued)

Brexit Uncertainties (continued)

Although there was no negative impact in 2019 the general economic outlook remains relatively weak, as evidenced by reduced consumer spend at the airport in 2019. In addition, the United Kingdom's future relationship with the EU remains uncertain. Whilst the UK government has been clear that as the UK exits the EU, its aim is to ensure continued transport connectivity within the EU in support of successful economic and social ties. Following the exit from the EU on 31 January 2020, the UK will enter a transition period until 31 December 2020, while the future UK-EU relationship on aviation is determined. During the transition period there will be no changes to the operation of UK flights within the EU, but there is no clarity on how air transport will operate beyond 2020.

Airport Competition

Competition from within and outside the region has the potential to displace passenger growth to other airports. This risk is kept under continuous review by the Board and management team and is being mitigated by maintaining strong relationships with our airline customers together with the continuation of significant investment in infrastructure and services.

Planning Delays

The airport currently has planning permission to meet passenger demand up to 10 million passengers per annum. Pre Covid-19, this provided headroom to continue expected growth out until 2021, but this is now expected to be further out. However, beyond this the airport requires further planning permission and a submission was heard by the North Somerset Council Planning and Regulatory Committee on 10 February 2020 to allow expansion of the airport to meet demands up to 12 million passengers per annum.

Despite a recommendation to approve the expansion from the Council's Planning Officers, the committee decided to refuse the application at the meeting. Whilst the airport is still confident on achieving planning consent, based on its robust planning application and alignment with National Aviation Policy, a protracted planning process, including an extended period for judicial review could delay the opportunity to grow beyond ten million passengers. This impact has been modelled by the airport and will be mitigated through a delay in large infrastructure commitments, however, it will be essential during this period to maintain the confidence of the airlines in the expectation that planning consent will eventually be achieved and growth plans can therefore be maintained.

Climate Change

The airport has assessed the implications for Climate Change on its business model and considers the following impacts to be material to its future strategies and plans:

- Severe weather – the airport has historically been impacted by severe weather and other natural events, such as heavy storms, snow and volcanic ash clouds. With longer-term predictions of changing climatic conditions the airport may need to adapt its business model and risk profile to deal with these events on a more frequent basis. Ongoing monitoring of weather patterns and planning for operational mitigations will be required to manage this risk.
- Public attitudes to flying – as the drive towards a low carbon economy intensifies there could be a tipping point where public appetite for flying reduces as a result of environmental concerns. This could have an impact on the ability of the airport to grow in the longer term. This risk is being addressed by the aviation industry as a whole, both globally and domestically. Through the UK body Sustainable Aviation, the UK aviation industry has committed to cut carbon emissions to zero by 2050 whilst accommodating 70% growth in passengers during the same period. Internationally the Carbon Offsetting and Reduction Scheme for International Aviation or CORSIA is a global agreement to address emissions from flights which begins with its pilot phase in 2021.

Principal risks and uncertainties (continued)

Climate Change (continued)

- Regulation and taxation – UK Government has committed itself to the UK economy being carbon zero by 2050. If the aviation industry cannot achieve net zero emissions by this date through technology and offsetting then there is the potential for regulation or taxation to discourage flying. As per above, the airport is managing the risk through engaging with the aviation industry's own ambition to move to carbon zero by 2050 as well as making its own commitments to being carbon neutral for its direct emissions by 2025.

Despite these uncertainties Bristol Airport has a proven history of withstanding adverse factors that have impacted both the UK and the wider global aviation industry. This has been evidenced by the airport's ability to deliver year-on-year passenger growth since 2009, despite the pressures that the industry has faced.

The directors consider the business to be resilient to each of the identified risks and have developed or are developing, in the case of the Covid-19 crisis, detailed scenarios that demonstrates a robust response to any of these risks.

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

David Kerr
Director

30 June 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and audited consolidated financial statements for Bristol Airport (UK) No.3 Limited ("BAUK3"), a limited company incorporated in the United Kingdom, for the year ended 31 December 2019.

In this report, 'company' refers to Bristol Airport (UK) No.3 Limited and 'group' refers to the consolidation of Bristol Airport (UK) No.3 Limited and its subsidiaries (note 13).

Principal activities

The principal activities of the group are the ownership, operation and management of Bristol Airport, including the provision of the services and facilities required. The principal activity of the company is that of a holding company.

Financial matters

The results for the year are given in the profit and loss account on page 25. The directors do not recommend the payment of a dividend (2018: £nil).

Future developments

The company's objectives and future developments are discussed in the Strategic Report on pages 4 to 8.

Going concern

The impact of the COVID-19 pandemic on the group has been widespread, impacting both the financial performance of the business and the underlying operations, with the Airport Terminal and Car Park Operations being closed as a result of a lack of flights. The airport has taken steps to significantly reduce both operating costs and capital expenditure to minimise outgoings and thereby reduce the impact from the loss of revenue.

The airport's management have modelled several scenarios to understand the financial and operational requirements of the business as it recovers from the impact of COVID-19. Whilst there is a high degree of uncertainty around the speed of recovery management has undertaken constructive dialogue with airlines, suppliers and Government, as well as engaging with the wider industry in producing its future forecasts for the business.

However, despite these actions the impact has resulted in the likelihood of triggering Event of Default clauses within the group's debt facility agreements in relation to breach of financial covenants, cessation of business and material adverse change. The company has therefore consulted with its lenders and agreed waivers from these Event of Default clauses through to December 2020.

In agreeing these waivers, the lenders have requested additional tests to be performed to ensure the company has sufficient liquidity for the next 12 months and that ongoing cashflows are meeting these expectations. The directors have reviewed these forecasts and specifically those covering a period of at least 12 months from the date of approval of the financial statements to consider whether these tests will be passed. The directors have recognised that under certain downside scenario's there is a material risk that these additional tests could be failed within the next 12 months, hence resulting in a further Event of Default on the debt and a shortfall of liquidity.

Accordingly the directors have taken a number of steps to further secure the group's position: (i) requesting and receiving a letter of support from the ultimate shareholders covering a period of more than 12 months; and (ii) assessing the ability of the shareholders to provide the necessary support to address any shortfall in liquidity, including as necessary funding in the event of default or a cash shortfall. In addition, the directors have obtained confirmation that the shareholders intend to replace the shareholder loans due to mature on 31 December 2020 and will not seek repayment of these loans prior to their maturity.

Going Concern (continued)

Therefore, whilst the group has incurred a loss in the year and has net current liabilities at the year-end, the directors are comfortable that it is appropriate to prepare the financial statements on a going concern basis.

Risk management

The objective of risk management for Bristol Airport is to ensure delivery of strategic objectives within the approved Business Plan by monitoring and managing the risks that could impact delivery of these objectives in a consistent and action-oriented approach. Effective risk management creates a robust control environment and supports informed risk-taking that promotes business growth. Our risk management policy is guided by ISO31000:2018 – Risk Management Guidelines.

The expected outcomes of the BRS risk management policy are to:

- Maximise the potential for achieving BAL's planned strategic objectives;
- Improve decision making, with increased transparency and visibility of risks associated with decisions;
- Improve risk consciousness across the organisation;
- Increase understanding of cross-organisation risks and dependencies;
- Improve change management;
- Reduce volatility in long-term financial performance;
- Improve the ability for the organisation to identify and capture opportunities for growth;
- Reduce operational incidents;
- Minimise wasted expenditure on reactive responses;
- Enhance service delivery; and
- Raise the awareness of the organisation to external factors that can impact performance.

The group has established an Audit and Risk Committee to assist the Board in exercising its responsibility for risk management. In addition, a Risk Committee has responsibility for overseeing the implementation of the risk management strategy across the business, by monitoring performance and reporting to the Audit and Risk Committee.

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk and liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the levels of risk and the related financial costs.

The group manages credit risk through a combination of appropriate credit checks on potential customers before sales are made and continuous review of customer debts. Liquidity risk is managed through the tight monitoring of cash flow and the availability of long-term debt facilities.

BRS has also engaged a third-party internal auditor to provide assurance to the Audit and Risk Committee on specific areas where the committee are seeking additional assurance.

Bristol Airport in the community

2019 saw a renewed focus on widening the airport's positive impact and the year began with a 'meet the buyer' event attended by more than 100 local businesses keen to find out about supply chain opportunities. The airport also supported a city-wide initiative to champion and advance the careers of women and improve gender representation by signing Bristol's Women in Business Charter.

Bristol Airport in the community (continued)

In 2019 Bristol Airport Limited provided £167,000 (2018: £156,000) to Bristol Airport Community Fund CIC to be donated to local community groups for the benefit of a variety of local projects. Contributions totaling more than £200,000 were granted to a range of beneficiaries, from youth clubs to community centres in 2019. The total also included funding for noise insulation of properties most impacted by aircraft noise. Since the community interest company was established in 2012 it has contributed more than £1 million to local community projects.

In addition, £20,000 was raised for the airport's charity of the year in 2019, the Great Western Air Ambulance. This provided a focus for fundraising activities by airport employees and collections in the terminal which were generously supported by passengers.

Political contributions

No political contributions were made in the year (2018: £nil).

Disabled employees

Applications for employment from disabled persons are always fully considered, on the basis of the aptitude, ability and potential 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. This is achieved by making reasonable adjustments which may include a wide range of actions such as arranging appropriate training, providing additional facilities or adjustments to work patterns. It is the policy of the group 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 in all aspects of their employment. It has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, in addition to the Employee Forum which meets quarterly and has representatives from across the business. The group also communicates through its website, various internal communications and regular consultation with both union and employee representatives on a wide range of matters affecting their current and future interests.

Directors

The directors who held office during the year and up to the date of signing this report, unless otherwise stated, are as follows:

James Adam	(resigned 24 September 2019)
David Kerr	
Victor Scheibehenne	(appointed 24 September 2019)

There are no contracts or arrangements with the company or any of its subsidiary undertakings in which any of the directors are materially interested and which are significant in relation to the business of the company or any of its subsidiary undertakings taken as a whole.

During the year the Group has taken out qualifying third party indemnity insurance for the benefit of its directors, which remains in force at the date of this report.

Registered office

The address of the company's registered office is Bristol Airport, Bristol, BS48 3DW.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law including Financial Reporting Standard FRS 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that there is no relevant audit information (that is, information needed by the group's auditor in connection with preparing their report) of which the group's auditor is unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the group'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.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 23 to the financial statements.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

David Kerr
Director
30 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOL AIRPORT (UK) No.3 LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Bristol Airport (UK) No.3 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 31 December 2019 and of the group's loss 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 statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; 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).

2. 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Fixed assets: capitalisation and valuation of fixed asset additions including airport expansion planning costs; and • Use of the going concern basis of accounting. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £2.3m which was determined on the basis of 4% of EBITDA.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	We have identified the use of the going concern basis of accounting as a key audit matter in light of the impact of the COVID-19 outbreak on current and forecast trading.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or • the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.	We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Fixed assets: capitalisation and valuation of fixed assets including airport expansion planning costs

Key audit matter description	As a result of the significant expansion programmes, there were additions to tangible fixed assets of £54.7m (2018: £44.5m). In addition, costs related to the 12 million passengers per annum planning application and the master plan were held as intangible assets of £3.3m at 31

	December 2018. In the current year £1.5m of these costs were concluded to be directly attributable to certain tangible fixed assets and have been reclassified to tangible fixed assets. The remaining costs of £1.8m were deemed to not meet the requirements for capitalisation and have been expensed to the profit and loss account. Judgement is required by management as to whether costs related to the expansion programme should be capitalised. There is a risk of material misstatement if the additions do not meet the capitalisation requirements. In addition judgement is required as to the recoverability of airport expansion planning costs. Further details are included within note 4, critical accounting judgements and estimation uncertainty, and note 12, tangible fixed assets.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the fixed asset capitalisation process. We also obtained an understanding of the process for managing fixed assets and of the significant projects being undertaken. We tested a sample of fixed asset additions, assessing: • the values and nature of costs to supporting source documentation, • whether the costs met the capitalisation criteria (including capitalisation of internal costs); • the reasonableness of the ascribed useful economic lives; • recoverability of planning costs; and • and whether the fixed asset disclosures are appropriate. We also considered whether assets in the course of construction had been brought into use and whether there were any indicators of impairment of fixed assets. We considered the nature of the significant expansion projects that were being undertaken and evaluated these against the relevant accounting standards.
Key observations	Based on the work performed we concluded that fixed assets are appropriately stated.

5.2. Use of the going concern basis of accounting

Key audit matter description	Going concern has been identified as a key audit matter due to the impact of the COVID-19 outbreak on current and forecast trading from March 2020. The timing and speed of the recovery of the airline industry and wider economy has and will continue to have a significant impact on the cash flow and liquidity of the group. The group has significant third party debt which is subject to regular covenant testing, waivers have been agreed with lenders on these regular covenant tests. Under these waiver agreements new COVID-19 covenant tests have been agreed. Under certain downside scenarios forecast by the directors there is a material risk that these covenant tests could be failed within the next 12 months. In addition, shareholder loans held by the group maturing on 31 December 2020, put the group into a net current liabilities position as at year end 31 December 2019 of £371.9m (2018: net current liabilities £114.3m). If the shareholder loans were not refinanced and were repayable within the 12 month period from signing these financial statements, the group would not have sufficient cash to repay these loans or meet its other liabilities as they fall due. In making their assessment of going concern, the directors have obtained a letter of support from the shareholders stating their intention to provide support if needed for a period of at least 12 months from the date of signing. In addition the shareholders have confirmed their intention to refinance these loans in advance of the due date and that the shareholders will not seek repayment of the loan values

	and associated interest within 12 months of signing these financial statements or refinancing being provided. The directors have therefore adopted the going concern basis in preparing the financial statements. Further details are disclosed in note 3 to the financial statements and on pages 14-15 of the directors' report.
How the scope of our audit responded to the key audit matter	We considered the ability and resources of the shareholders to provide sufficient liquidity to the group if required. We reviewed management's considerations of the impact of COVID-19 on the group's projected cash flows for the next 12 months. We reviewed the bank waiver agreements with lenders and reporting requirements under these agreements, we performed testing of inputs into the forecasts agreed with the banks and sensitivity analysis of key assumptions. We assessed the impact of the maturity of the shareholder loans on the going concern assumption we reviewed the letter of confirmation from the shareholders to whom the debt is owed. We considered the shareholders' intention to refinance these loans in the context of their long term investment strategy and spoke to the primary shareholder. We reviewed the disclosures related to going concern contained within the notes to the financial statements.
Key observations	Based on the work performed we concluded that the going concern basis of accounting is appropriate.

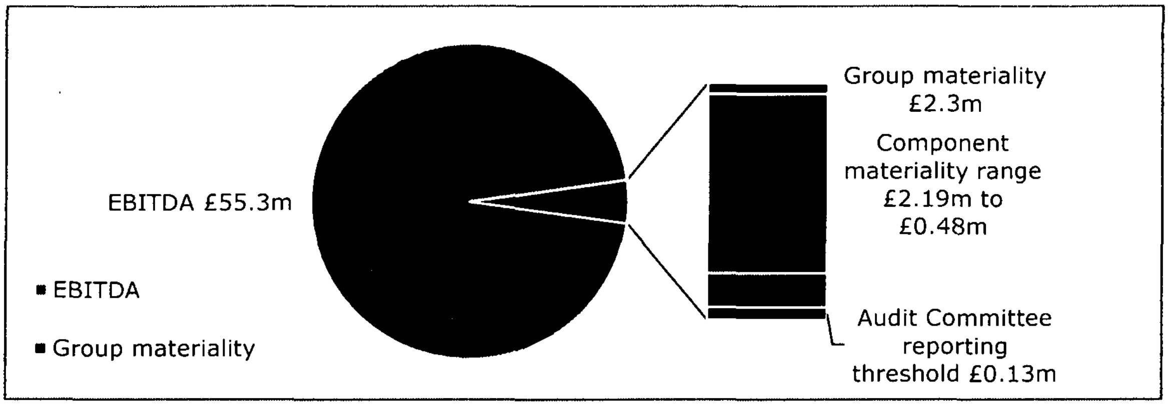
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£2.3m (2018: £2.3m)	£0.48m (2018: £0.73m)
Basis for determining materiality	4% of EBITDA (2018: 4% of EBITDA)	3% of Net Assets (2018: 3% of Net Assets)
Rationale for the benchmark applied	We have determined materiality based on EBITDA as this is the key metric used by management, investors, analysts and lenders, with shareholder value being driven by the result.	We have determined materiality based on a percentage of net assets of the company. The company operates as a holding company of investments in its subsidiary companies therefore a balance sheet basis is deemed to be appropriate.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the following factors:

a. Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior years; and
b. We considered the nature of the group's operations as well as the listed debt.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £112,500 (2018: £118,800), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team, led by the Senior Statutory Auditor. We performed a full scope audit on all the entities within the group. At the group level we also tested the consolidation process. We have applied component materiality of £0.48m to £2.19m (2018: £0.73m to £2.19m).

8. Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. 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.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and 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.

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

12.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. 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.

SButters

Sonya Butters (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

30 June 2020

BRISTOL AIRPORT (UK) No.3 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Turnover	5	116,810	112,352
Staff costs	6	(17,391)	(18,118)
Depreciation and amortisation	11/12	(39,983)	(40,874)
Other operating charges		(44,126)	(38,299)
Total operating costs		(101,500)	(97,291)
Operating profit		15,310	15,061
Finance costs (net)	8	(46,308)	(41,829)
Loss before taxation	9	(30,998)	(26,768)
Tax on loss	10	(2,683)	(5,082)
Loss for the financial year		(33,681)	(31,850)

All amounts relate to continuing operations.

BRISTOL AIRPORT (UK) No.3 LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Loss for the financial year		(33,681)	(31,850)
Other comprehensive income/(expense)			
Remeasurement of net defined benefit obligations	21	(4,034)	(792)
Change in value of hedging instruments	15	(1,488)	1,249
Total tax on components of comprehensive income	16	767	135
Other comprehensive (expenses)/income for the year net of tax		(4,755)	592
Total comprehensive expense for the year		(38,436)	(31,258)

BRISTOL AIRPORT (UK) No.3 LIMITED

CONSOLIDATED BALANCE SHEET

At 31 December 2019

	Note	31 Dec 2019 £000	31 Dec 2019 £000	31 Dec 2018 £000	31 Dec 2018 £000
Fixed assets					
Intangible assets	11		227,876		242,710
Tangible assets	12		522,413		496,620
			750,289		739,330
Current assets					
Stocks		351		174	
Debtors	14	11,291		13,219	
Cash at bank and in hand		34,186		35,354	
		45,828		48,747	
Creditors: amounts falling due within one year	15	(417,714)		(114,272)	
Net current liabilities			(371,886)		(65,525)
Total assets less current liabilities			378,403		673,805
Creditors: amounts falling due after more than one year	15		(414,749)		(673,535)
Provision for liabilities	16		(43,848)		(46,594)
Post-employment benefits	21		(11,233)		(6,667)
Net liabilities			(91,427)		(52,991)
Capital and reserves					
Called up share capital	17		59,083		59,083
Revaluation reserve	17		125,514		125,514
Cash flow hedge reserve	17		(5,848)		(4,360)
Profit and loss account	17		(270,176)		(233,228)
Shareholders' deficit			(91,427)		(52,991)

The notes on pages 32 to 59 are an integral part of these financial statements.

The financial statements on pages 25 to 59 were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by:

David Kerr
Director

Company number: 05403024

COMPANY BALANCE SHEET

At 31 December 2019

	Note	31 Dec 2019 £000	31 Dec 2019 £000	31 Dec 2018 £000	31 Dec 2018 £000
Fixed assets					
Investments	13		140,614		140,614
Current assets					
Debtors	14	50		50	
Cash at bank and in hand		279		279	
		329		329	
Creditors: amounts falling due within one year	15	(124,843)		(34,537)	
Net current liabilities			(124,514)		(34,208)
Total assets less current liabilities			16,100		106,406
Creditors: amounts falling due after more than one year	15		-		(82,081)
Net assets			16,100		24,325
Capital and reserves					
Called up share capital	17		59,083		59,083
Profit and loss account	17		(42,983)		(34,758)
Total equity			16,100		24,325

The notes on pages 32 to 59 are an integral part of these financial statements.

The loss for the financial year dealt with in the financial statements of the parent company was £8,225,000 (2018: £7,604,000 loss). 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 financial statements on pages 25 to 59 were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by:

David Kerr
Director

Company number: 05403024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	Called-up share capital £000	Revaluation reserve £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2018	17	59,083	125,514	(5,609)	(200,721)	(21,733)
Loss for the financial year		-	-	-	(31,850)	(31,850)
Other comprehensive income for the year		-	-	1,249	(657)	592
Total comprehensive income/(expense) for the year		-	-	1,249	(32,507)	(31,258)
Balance as at 31 December 2018	17	59,083	125,514	(4,360)	(233,228)	(52,991)

	Note	Called-up share capital £000	Revaluation reserve £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2019	17	59,083	125,514	(4,360)	(233,228)	(52,991)
Loss for the financial year		-	-	-	(33,681)	(33,681)
Other comprehensive (expense) for the year		-	-	(1,488)	(3,267)	(4,755)
Total comprehensive (expense for the year		-	-	(1,488)	(36,948)	(38,436)
Balance as at 31 December 2019	17	59,083	125,514	(5,848)	(270,176)	(91,427)

BRISTOL AIRPORT (UK) No.3 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2018	17	59,083	(27,154)	31,929
Loss for the financial year		-	(7,604)	(7,604)
Other comprehensive income/(expense) for the year		-	-	-
Total comprehensive expense for the year		-	(7,604)	(7,604)
Balance as at 31 December 2018	17	59,083	(34,758)	24,325

	Note	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2019	17	59,083	(34,758)	24,325
Loss for the financial year		-	(8,225)	(8,225)
Other comprehensive income/(expense) for the year		-	-	-
Total comprehensive expense for the year		-	(8,225)	(8,225)
Balance as at 31 December 2019	17	59,083	(42,983)	16,100

BRISTOL AIRPORT (UK) No.3 LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Net cash from operating activities	19	51,319	64,643
Taxation paid		(5,517)	(4,864)
Net cash generated from operating activities		45,802	59,779
Cash flow from investing activities			
Purchase of tangible fixed assets		(53,238)	(40,852)
Purchase of intangible assets		-	(3,296)
Interest received		86	122
Net cash used in investing activities		(53,152)	(44,026)
Cash flow from financing activities			
Repayment of obligations under finance leases		(301)	(357)
Receipts from loan facilities		168,500	33,000
Repayment of loan facilities		(117,590)	-
Interest paid		(44,427)	(57,119)
Net cash used from/in financing activities		6,182	(24,476)
Net decrease in cash and cash equivalents	19	(1,168)	(8,723)
Cash and cash equivalents at the beginning of the year		35,354	44,077
Cash and cash equivalents at the end of the year	19	34,186	35,354

All cash and cash equivalents are held as cash at the bank or in hand.

1 GENERAL INFORMATION

Bristol Airport (UK) No.3 Limited (the company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 59.

The principal activities of the company and its subsidiaries (the group) and the nature of the group's operations are set out in the Strategic Report on pages 2 to 13.

2 STATEMENT OF COMPLIANCE

The financial statements of Bristol Airport (UK) No.3 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Going concern

The impact of the COVID-19 pandemic on the group has been widespread, impacting both the financial performance of the business and the underlying operations, with the Airport Terminal and Car Park Operations being closed as a result of a lack of flights. The airport has taken steps to significantly reduce both operating costs and capital expenditure to minimise outgoings and thereby reduce the impact from the loss of revenue.

The airport's management have modelled several scenarios to understand the financial and operational requirements of the business as it recovers from the impact of COVID-19. Whilst there is a high degree of uncertainty around the speed of recovery management has undertaken constructive dialogue with airlines, suppliers and Government, as well as engaging with the wider industry, in producing its future forecasts for the business.

However, despite these actions the impact has resulted in the likelihood of triggering Event of Default clauses within the group's debt facility agreements in relation to breach of financial covenants, cessation of business and material adverse change. The company has therefore consulted with its lenders and agreed waivers from these Event of Default clauses through to December 2020.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern (continued)

In agreeing these waivers, the lenders have requested additional tests to be performed to ensure the company has sufficient liquidity for the next 12 months and that ongoing cashflows are meeting these expectations. The directors have reviewed these forecasts and specifically those covering a period of at least 12 months from the date of approval of the financial statements to consider whether these tests will be passed. The directors have recognised that under certain downside scenario's there is a material risk that these additional tests could be failed within the next 12 months, hence resulting in a further Event of Default on the debt and a shortfall of liquidity.

Accordingly the directors have taken a number of steps to further secure the group's position: (i) requesting and receiving a letter of support from the ultimate shareholders covering a period of more than 12 months; and (ii) assessing the ability of the shareholders to provide the necessary support to address any shortfall in liquidity, including as necessary funding in the event of default or a cash shortfall. In addition, the directors have obtained confirmation that the shareholders intend to replace the shareholder loans due to mature on 31 December 2020 and will not seek repayment of these loans prior to their maturity.

Therefore, whilst the group has incurred a loss in the year and has net current liabilities at the year-end, the directors are comfortable that it is appropriate to prepare the financial statements on a going concern basis.

Consolidation

The group consolidated financial statements include the financial statements of the company and all its subsidiary undertakings made up to 31 December 2019. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company has not been presented separately in the group financial statements.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions.

The company has taken advantage of the exemption from preparing a statement of cash flows and the disclosure of remuneration of key management personnel, on the basis that it is a qualifying entity and the cash flows of the company form part of the consolidated cash flow statement, included in the consolidated financial statements.

Other exemptions taken are in relation to section 11 and 12 requirements for certain financial instrument disclosures.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes. The group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods and services; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to each group's sales channels have been met.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income for buildings under operating leases are recognised on a straight-line basis over the term of the relevant lease.

Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

(iii) Defined benefit pension plan

The group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

several factors, including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest, are disclosed as a 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'Finance expense'.

(iv) Annual bonus plan

The group operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plan, as a result of past events, and a reliable estimate of the obligation can be made.

(v) Long-term incentive plan

The group operates a long-term incentive plan for senior managers and directors in leadership positions. The incentive plan operates on a three-year rolling cycle. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plan, as a result of past events, and a reliable estimate of the obligation can be made.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period-end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the amounts expected to be paid to the authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are variances between taxable profits and total comprehensive income, as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in the tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrealised tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Intangible assets

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued, plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured, but subsequently becomes probable and measurable; or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration, over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

On acquisition, goodwill is allocated to cash-generating units ('CGUs') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is estimated to be 25 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful life unless such lives are indefinite.

Tangible assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Some assets are held at fair value based on the fair value on acquisition and this is reflected in the valuation reserve.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated lives, as follows:

- Runways and aprons	5 to 50 years
- Freehold land and buildings	3 to 50 years
- Plant and equipment	3 to 25 years
- Fixtures and fittings	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Leased assets

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Government grants

Government grants are treated as deferred income, of which a proportion is released to the profit and loss account over the expected useful life of the asset, in equal annual instalments.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost, less accumulated impairment losses, where applicable.

Stock

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes, duties, transportation and handling costs, directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price, less costs to complete and sell, and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Financial Instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are recognised at their transaction price.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from other group companies are initially recognised at their transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at the market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Loan arrangement fees are classified as finance costs and are amortised through the profit and loss account over the period of the loan facilities.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in the profit and loss account in finance costs, or finance income, as appropriate, unless they are included in the hedging arrangement.

(iii) Hedging arrangements

The group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in the fair value of the hedging instrument, since the inception of the hedge, over the cumulative change in the fair value of the hedged item, since the inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in the other comprehensive income is reclassified to the profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Related party transactions

The group discloses transactions with related parties which are not wholly-owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the group's accounting policies

It is the view of the directors that the following critical judgements have been applied to the group's accounting policies.

(i) 12 million passengers per annum (mppa) planning application

The company's planning application to seek permission to grow to 12 mppa (from 10 mppa) was rejected by the North Somerset Council Planning and Regulatory Committee on 10 February 2020. The airport has incured costs of £2,826,000 to date on the 12 mppa planning application, which is held as a tangible asset on the balance sheet. The application was recommended for approval by the planning officers and the airport remains confident on achieving planning consent. The airport is reviewing its options on how to respond to this decision, and legal advice has been sought. Consequently the costs of the planning application have yet to be recognised in the profit and loss account. Management intends to commence depreciation of these costs once permission has been granted and construction of related assets has commenced. An annual review for impairment will be undertaken and any impairment will be charged to the profit and loss account.

Key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Defined benefit pension scheme

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors determining the net pension obligations in the balance sheet. The assumptions reflect historic experience and current trends. Management has considered a range of defined benefit pension assumptions and is satisfied that what has been used is appropriate See note 21 for the disclosures relating to the defined benefit scheme.

5 TURNOVER

The whole of the turnover and loss before taxation derives from the group's principal activities within the United Kingdom, which the directors regard as one class of business. The groupings used below are the same as those that the directors use to make their decisions.

The revenue recognised in the year of £116,810,000 (2018: £112,352,000) can be entirely categorised as the rendering of services.

The main income streams within the turnover figure are aeronautical revenue charged to airlines, car park revenue charged to passengers and concession revenue generated from the various concessions operated at the airport.

The two primary categories for management are aeronautical and commercial revenue. Commercial revenue when referenced in these financial statements is the combination of car park revenue, concession revenue and other revenue.

5 TURNOVER (continued)

	Year ended 31 Dec 19 £000	Year ended 31 Dec 18 £000
Aeronautical revenue	43,960	42,017
Car park revenue	36,918	35,587
Concession revenue	32,383	31,416
Other revenue	3,549	3,332
	116,810	112,352

6 EMPLOYEE NUMBERS AND COSTS

The monthly average number of persons employed by the group (including directors) during the year was as follows:

	Group Year ended 31 Dec 2019 Number	Group Year ended 31 Dec 2018 Number
Operational employees	290	267
Administrative employees	67	61
	357	328

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	14,305	15,077
Social security costs	1,439	1,420
Other pension costs	1,647	1,621
	17,391	18,118

The company did not have any employees in 2019 (2018: nil).

7 DIRECTORS' REMUNERATION

No directors of the company received remuneration for their services from the group or the company in the year (2018: nil).

8 FINANCE COSTS (NET)

	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Bank interest receivable	86	121
Interest payable on bank loans	(12,515)	(11,360)
Interest payable on shareholder loans	(32,877)	(29,871)
Amortisation of loan issue costs	(752)	(539)
Finance charges on hire purchase contracts and finance leases	(38)	(39)
Net interest expense on pension benefits	(212)	(141)
	(46,308)	(41,829)

9 LOSS BEFORE TAXATION

	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Loss before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 12)	28,445	29,336
Amortisation of goodwill (note 11)	11,538	11,538
Cost of stock recognised as an expense	573	132
Fees payable to the company's auditor:		
- Audit of the company financial statements	12	11
- Audit of subsidiary financial statements	80	82
- Audit related services	7	7
Rentals payable under operating leases		
- Plant and machinery	137	112

10 TAX ON LOSS

Tax on loss:

	Group Year ended 31 Dec 2019 £000	Group Year ended 31 Dec 2018 £000
Current tax		
- Corporation tax on loss for the year	4,810	5,299
- Adjustment in respect of prior years	(148)	542
	4,662	5,841
Deferred tax:		
- Origination and reversal of timing differences	(1,618)	(1,903)
- Impact of change in tax rate	(14)	23
- Adjustment in respect of prior years	(347)	1,121
	(1,979)	(759)
Current tax charge for the year	2,683	5,082

The company's profits for this accounting period are taxed at an effective rate of 19.00% (2018: 19.00%).

The company is part of a 75% group relief group for tax losses, along with UK Airports Topco Limited, UK Airports Midco Limited and Airport Group Investments Limited. The company has claimed losses surrendered under a Group Relief agreement from the other entities in this group of companies. The company is only required to pay for these losses upon receipt of a claim from the surrendering companies. No claim has been received to date and therefore it has been noted as a contingent liability.

	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Tax losses received	1,010	610

Factors affecting the tax charge for the year:

The tax assessed for the year differs from the blended standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

10 TAX ON LOSS (continued)

	Group Year ended 31 Dec 2019 £000	Group Year ended 31 Dec 2018 £000
Loss before taxation	(30,998)	(26,768)
Loss before taxation multiplied by the blended standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(5,890)	(5,086)
Effects of:		
- Income not deductible for tax purposes	2,903	2,832
- Impact of change in tax rates	-	23
- Deferred tax not recognised	5,419	4,465
- Rollover relief	270	1,183
- Adjustment in respect of prior years	(19)	1,665
Current tax charge for the year	2,683	5,082

Factors that may affect future tax charges:

Changes to the corporation tax rate were substantively enacted at the balance sheet date with the rate expected to reduce from 19% to 17% from 1 April 2020. However, after the year end and as part of the March 2020 Budget the planned reduction to 17% was cancelled. There is not expected to be a material impact as a result of either of these changes.

11 INTANGIBLE FIXED ASSETS

Group

	Goodwill £000	Other intangible assets £000	Total £000
Cost			
As at 1 Jan 2019	288,451	3,296	291,747
Transferred to tangible fixed assets	-	(1,451)	(1,451)
Disposals	-	(1,845)	(1,845)
As at 31 Dec 2019	288,451	-	288,451
Amortisation			
As at 1 Jan 2019	(49,037)	-	(49,037)
Charge for year	(11,538)	-	(11,538)
As at 31 Dec 2019	(60,575)	-	(60,575)
Net book value			
As at 31 Dec 2019	227,876	-	227,876
As at 31 Dec 2018	239,414	3,296	242,710

11 INTANGIBLE FIXED ASSETS (continued)

The disposal in other intangible assets relates to a write off of incurred masterplan costs (£1,845,000) to other operating costs. The cost of the 12mppa planning application (£1,451,000) has been transferred to tangible fixed assets.

12 TANGIBLE FIXED ASSETS

Group

	Runways and aprons	Other freehold land and buildings	Plant and equipment	Fixtures and fittings	Assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
As at 1 Jan 2019	106,415	367,238	45,409	6,365	30,131	555,558
Additions	2,406	10,183	9,774	338	32,027	54,728
Disposals	(5,365)	(11,411)	(4,485)	(510)	-	(21,771)
Reclassifications	-	(1,568)	987	581	-	-
Transfers	772	30,091	16,213	754	(47,830)	-
As at 31 Dec 2019	104,228	394,533	67,898	7,528	14,328	588,515
Accumulated depreciation						
As at 1 Jan 2019	(16,803)	(36,772)	(3,047)	(2,316)	-	(58,938)
Disposals	5,365	10,951	4,455	510	-	21,281
Charge for year	(4,485)	(13,152)	(9,637)	(1,171)	-	(28,445)
As at 31 Dec 2019	(15,923)	(38,973)	(8,229)	(2,977)	-	(66,102)
Net book value						
As at 31 Dec 2019	88,305	355,560	59,669	4,551	14,328	522,413
As at 31 Dec 2018	89,612	330,466	42,362	4,049	30,131	496,620

Depreciation is not provided on the land element of freehold property which amounts to £8,069,000 (2018: £8,069,000).

Plant and equipment includes hire purchase assets totalling £1,896,000 (2018: £1,896,000) with accumulated depreciation of £1,672,000 (2018: £1,371,000) and depreciation in the year of £301,000 (2018: £336,000). The assets under finance lease are secured against the lease obligations.

13 INVESTMENTS

Company - Subsidiary undertakings (unlisted)

	£000
Cost and net book value	
As at beginning and end of year	140,614

The directors believe that the carrying value of the investments is supported by the underlying cash flows expected to be realised.

Subsidiary undertakings

The subsidiary undertakings of Bristol Airport (UK) No.3 Limited are detailed below. All the companies are incorporated in Great Britain.

Company	Principal activity	Class and percentage of shares held
South West Airports Limited ("SWAL")	Holding company	100% Ordinary shares
Bristol Airport Limited	The ownership, operation and management of Bristol Airport	100% Ordinary shares
Bristol City Airport Limited	Dormant	100% Ordinary shares
Bristol Airport Developments Limited	Development company	100% Ordinary shares
Bristol Airport Community Fund CIC	Activities that benefit the communities surrounding Bristol Airport	100% Guarantee

South West Airports Limited owns 100% of the share capital of Bristol Airport Limited. Bristol Airport Limited owns 100% of the share capital of Bristol City Airport Limited, Bristol Airport Developments Limited and Bristol Airport Community Fund CIC.

The registered address for all the subsidiaries is Bristol Airport, Bristol, BS48 3DW.

14 DEBTORS

	Group 31 Dec 2019 £000	Company 31 Dec 2019 £000	Group 31 Dec 2018 £000	Company 31 Dec 2018 £000
Trade debtors	6,795	-	8,157	-
Amounts owed by related party undertakings	53	50	52	50
Other debtors	454	-	1,192	-
Prepayments and accrued income	3,989	-	3,818	-
	11,291	50	13,219	50

15 CREDITORS

	Group 31 Dec 2019 £000	Company 31 Dec 2019 £000	Group 31 Dec 2018 £000	Company 31 Dec 2018 £000
Amounts falling due within one year				
Trade creditors	4,017	-	5,510	-
Amounts owed to related party undertakings	9	102	9	84
Taxation and social security	1,846	-	2,907	-
Obligations under finance leases	145	-	301	-
Accruals and deferred income	100,831	42,660	105,545	34,453
Amounts owed to group undertakings				
- due within one year	310,866	82,081	-	-
	417,714	124,843	114,272	34,537

The loans issued to other group entities have a final maturity date of 31 December 2020 and have been reclassified as amounts owed to group undertakings – due within one year.

Accruals and deferred income include £789,000 (2018: £845,000) in relation to fixed asset grants. The grants are being released to the profit and loss account over the life of the assets to which they relate, with £56,000 (2018: £57,000) released in the year.

	Group 31 Dec 2019 £000	Company 31 Dec 2019 £000	Group 31 Dec 2018 £000	Company 31 Dec 2018 £000
Amounts falling due after more than one year				
Bank loans				
- due between two and five years	-	-	46,090	-
- due after more than five years	410,000	-	313,000	-
Deferred loan issue costs	(1,911)	-	(1,795)	-
Amounts owed to group undertakings				
- due between two and five years	-	-	310,866	82,081
Derivative financial instruments	5,848	-	4,360	-
Obligations under finance leases	79	-	224	-
Accruals and deferred income	733	-	790	-
	414,749	-	673,535	82,081

The fair value loss in the year in relation to the derivative financial instruments was £1,488,000 (2018: £1,249,000 gain), which under the hedge accounting rules has been taken to the cash flow hedge reserve.

There were no impairment losses in the year (2018: £nil) in relation to any of the financial instruments held by the group.

15 CREDITORS (continued)

Finance leases are repayable as follows:

	31 Dec 2019 £000 Motor vehicles	31 Dec 2018 £000 Motor vehicles
Rentals due within one year	145	301
Rentals due between two to five years	79	224
Present value of lease obligations	224	525

Bank and Institutional Loans

The group entered into a £216.1 million Facilities Agreement on 7 May 2015.This agreement consists of four facilities: Senior Term Facilities A and B, a Revolving Facility and a Capex Facility. The group also entered into a £130 million 15 year Note Purchase Agreement (NPA) on 7 May 2015.

The company undertook a further refinancing exercise in 2017 entering into an additional £50 million 10 year NPA on 18 July 2017 and increasing the Capex Facility from £75 million to £115 million with the existing bank lenders.

In 2019 a further refinancing exercise was completed with the Company entering into a £80 million 15 year NPA and a £46 million 20 year NPA.

As at 31 December, the outstanding facilities and utilisation of each were as follows:

	Facility 31 Dec 2019 £000	**Utilised** 31 Dec 2019 £000	**Facility** 31 Dec 2018 £000	**Utilised** 31 Dec 2018 £000
Senior Term Facility A	-	-	46,090	46,090
Senior Term Facility B	90,000	90,000	90,000	90,000
Revolving Facility	5,000	-	5,000	-
Capex Facility	115,000	14,000	115,000	43,000
Senior Notes	306,000	306,000	180,000	180,000
	516,000	410,000	436,090	359,090

The Senior Term Facilities were utilised in full on day one. Senior Term Facility A was fully prepaid in 2019. Senior Term Facility A is repayable in full on the Termination Date of 15 May 2025.

15 CREDITORS (continued)

Bank and Institutional Loans (continued)

The Revolving Facility is available to be utilised for general corporate and working capital purposes. Any loan under this facility is repayable in full on the last day of each interest period and may then be subsequently redrawn. Any balance of the outstanding loan amount is then repayable in full on the Termination Date of 15 May 2022.

The Capex Facility is available to be utilised to fund 75% of capital expenditure. Any loan under this facility is repayable in full on the last day of each interest period and may then be subsequently redrawn. Any balance of the outstanding loan amount is then repayable in full on the Termination Date of 15 May 2022.

The 10, 15 and 20 year Senior Notes were fully utilised on day one. They are repayable in full on their maturity dates of 26 July 2027, 15 May 2030, 17 December 2034 and 17 December 2039 respectively.

Interest on the bank loans is charged at a floating rate based on Sterling LIBOR. Interest on the 10 and 15-year institutional loans, entered into in 2017 and 2015, is charged at a fixed rate of 2.83% and 3.68% respectively. Interest on the 15 and 20-year institutional loans entered into in 2019 is charged at a fixed rate of 2.44% and 2.81% respectively. The interest on both the bank and institutional loans are secured via a fixed and floating charge over the assets of the group.

The floating interest on the bank loans has been partially hedged by means of three interest rate swaps. All of the swaps cover the period from 19 May 2015 to 7 May 2025 at fixed interest rates and set notional amounts, which are detailed in the table below. The interest rate swaps settle on a six-monthly basis. The floating rate on the interest rate swaps is six months' LIBOR and settlement is made on the difference between the fixed and floating interest rate on a net basis.

All three interest rate swap contracts are designated as hedges of the variable interest rate risk of the group's floating rate borrowings. The hedged cash flows are expected to occur half yearly and to affect profit or loss over the period to maturity of the interest rate swaps.

Principal £	Interest rate	Fair value at 31 Dec 2019 £000	Fair value at 31 Dec 2018 £000
5,000,000	2.1150%	(321)	(236)
30,000,000	2.1020%	(1,906)	(1,402)
55,000,000	2.1425%	(3,621)	(2,722)
		(5,848)	(4,360)

The fair values are based on the mark-to-market valuations. The values are based on the present value of future cash flows estimated and discounted based on the applicable yield curve derived from the quoted interest rates. A negative figure indicates a liability.

15 CREDITORS (continued)

Loan arrangement fees and other refinancing costs of £5,178,000 (2018: £4,570,000) were incurred in obtaining the loans for the period of the Facility and Note Purchase Agreements. At the year-end the unamortised balance was £1,911,000 (2018: £1,795,000), with £492,000 (2018: £279,000) charged to the profit and loss account in the year.

Amounts owed to other Ontario Teachers' Pension Plan (OTPP) group entities

The following loans issued to other group entities were in place at the end of the year:

	Issuer	Interest rate per annum	Capital at 31 Dec 2019 £000	Capital at 31 Dec 2018 £000
Loan notes – issued 16 September 2014	BAUK3	10%	82,081	82,081
A notes – issued 23 May 2005	SWAL	10%	69,285	69,285
Tranche A loan notes – issued 16 October 2012	SWAL	10%	70,000	70,000
Tranche B loan notes – issued 16 October 2012	SWAL	12%	89,500	89,500
			310,866	310,866

The loans are all fixed rate and unsecured with no set repayment plan, but have a final maturity date of 31 December 2020. During the year £32,000,000 (2018: £45,695,000) of interest on the SWAL loan notes was paid and none (2018: none) of the capital was repaid. The group has received a letter of support from the holder of the shareholder loans (UK Airports Midco Limited) confirming that it will not demand repayment of the loans prior to their expiry on 31 December 2020 and plans to refinance the loans with effect from the expiry date.

On 19 December 2012, the loan notes issued by SWAL were admitted to the Official List of the Channel Islands Stock Exchange, LBG ("the Exchange") and are subject to the rules of the Exchange and the BAUK3 loan notes were admitted to the Exchange on 27 November 2015.

16 PROVISION FOR LIABILITIES

Deferred tax	Group 2019 £000	Group 2018 £000
As at 1 January	46,594	47,488
Adjustment in respect of prior years	(347)	1,121
Deferred tax credited to the profit and loss account for the year	(1,632)	(1,880)
	44,615	46,729
Deferred tax (credited) to equity for the year	(767)	(135)
As at 31 December	43,848	46,594

The deferred tax liability comprises:

	Group 31 Dec 2019 £000	Group 31 Dec 2018 £000
Fixed asset timing differences	46,389	48,196
Other timing differences	(183)	(52)
Losses	(428)	(416)
Deferred tax excluding that relating to pension liability	45,778	47,728
Pension (note 21)	(1,930)	(1,134)
Total deferred tax liability	43,848	46,594

During the year beginning 1 January 2020, a net reversal of a deferred tax liability is expected to increase the corporation tax charge for the year by £805,000. This is due to depreciation being expected to be in excess of capital allowances for that period. It is partially offset by the utilisation of historic loan relationship deficits. £805,000 (2018: £1,443,000 asset) of the deferred tax liability relating to fixed asset timing differences is therefore expected to be charged within one year against trading income. The balance of the deferred tax liability of £43,043,000 (2018: £48,036,000) is payable after more than one year.

Deferred tax	Group 31 Dec 2019 £000	Group 31 Dec 2018 £000
As at 1 January	46,594	47,488
Deferred tax credited to the profit and loss account	(1,632)	(1,880)
Adjustments in respect of prior years	(347)	1,121
Deferred tax (credited)/charged to the statement of comprehensive income	(767)	(135)
As at 31 December	43,848	46,594

17 CAPITAL AND RESERVES

Group and company

All issued ordinary shares were fully paid in cash at par.

	31 Dec 2019 Number	31 Dec 2019 £	31 Dec 2018 Number	31 Dec 2018 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	59,082,737	59,082,737	59,082,737	59,082,737
Ordinary A shares of £0.01 each	100	1	100	1
	59,082,837	59,082,738	59,082,837	59,082,738

The ordinary shares have full voting rights except for the right to vote on a resolution to appoint or remove a director. The ordinary A shares only have rights to vote on a resolution to appoint or remove a director.

The group and company's other reserves are as follows:

- The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.
- The cash flow hedge reserve represents the culmulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit and loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.
- The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which were revalued to fair value on acquisition.

18 COMMITMENTS

Capital expenditure

Total capital commitments at the end of the year (which relate wholly to tangible assets) for which no provision has been made are as follows:

	Group 31 Dec 2019 £000	Company 31 Dec 2019 £000	Group 31 Dec 2018 £000	Company 31 Dec 2018 £000
Contracted for but not provided	1,050	-	28,340	-

18 COMMITMENTS (continued)

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 31 Dec 2019		Group 31 Dec 2018	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	-	110	-	97
- within two to five years	-	12	-	16
	-	122	-	113

The company had no operating lease commitments at 31 December 2019 (2018: none).

Guarantees

There is a charge over the assets of Bristol Airport Limited (BAL), as BAL is a guarantor to the bank loans in SWAL. The balance of the bank loans at the end of the year was £410,000,000 (2018: £359,090,000).

Operating lease arrangement where the company is the lessor

The future minimum rental receivable under non-cancelling operating leases is as follows:

	31 Dec 2019 £000 Property rental	31 Dec 2018 £000 Property rental
Not later than one year	1,185	1,074
Later than one year and not later than five years	3,540	2,589
Later than five years	33,821	31,003
	38,546	34,666

These non-cancellable leases have remaining terms of between 1 and 96 years. All leases include a provision for upward rent reviews in accordance with specific lease terms at prevailing market conditions.

19 NOTES TO THE CASH FLOW STATEMENT

Cash flow from operating activities

	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2018 £000
Loss for the financial year	(33,681)	(31,850)
Adjustment for:		
Tax	2,683	5,082
Net interest expense	46,308	41,829
Operating profit	15,310	15,061
Amortisation of intangible assets	11,538	11,538
Depreciation of tangible assets	28,445	29,336
Post-employment benefits less payments	320	71
Working capital movements		
- Increase in stocks	(175)	(3)
- Decrease/(Increase) in debtors	1,757	(3,109)
- (Decrease)/Increase in payables	(5,876)	11,749
Cash flow from operating activities	51,319	64,643

Analysis of changes in net debt

	At 1 Jan 2019 £000	Cash flows £000	Non-cash changes £000	At 31 Dec 2019 £000
Cash at bank and in hand	35,354	(1,168)	-	34,186
Cash and cash equivalents	35,354	(1,168)	-	34,186
Bank loans	(359,090)	(50,910)	-	(410,000)
Amounts owed to group undertakings	(310,866)	-	-	(310,866)
Finance leases	(301)	156	-	(145)
Derivative financial instruments	(4,360)	-	(1,488)	(5,848)
Total	(639,263)	(51,922)	(1,488)	(692,673)

20 RELATED PARTY TRANSACTIONS

The company and SWAL both have shareholder loans in place with UK Airports Midco Limited, which is the immediate parent company of BAUK3.These loans were transferred to UK Airports Midco Limited from Batten S.a.rl, which is also part of the Ontario Teachers' Pension Plan group. Interest on the loans is only repayable as and when the companies have sufficient funds. There were no capital repayments in the year. Details of the interest accrued in the year and the balance due at the year-end are detailed below:

	Capital £000	Interest paid year ended 31 Dec 2019 £000	Interest accrued At 31 Dec 2019 £000	Interest paid year ended 31 Dec 2018 £000	Interest accrued At 31 Dec 2018 £000
BAUK3 Loan Notes	82,081	-	42,645	-	34,437
SWAL A Notes	69,285	6,929	-	9,824	-
SWAL Tranche A Notes	70,000	7,000	-	9,926	-
SWAL Tranche B Notes	89,500	18,071	30,345	25,945	37,676

The amount owed by related parties as disclosed in note 14 includes £48,800 (2018: £48,800) owed to BAUK3 by Airports (UK) No. 2 Limited (AUK2), and £4,300 (2018: £3,700) owed to SWAL by AUK2.

The amount owed to related parties as disclosed in note 15 includes £2,000 (2018: £2,000) owed by BAUK3 to AUK2, and £7,300 (2018: £7,300) owed by BAUK3 to 2342929 Ontario Ltd.

Key management personnel remuneration

The total emoluments in 2019 for key management personnel are £2,915,000 (2018: £3,131,000).

21 POST-EMPLOYMENT BENEFITS

Pension service charge

The pension charge for the year ended 31 December 2019 was £1,647,000 (2018: £1,621,000). This consisted of £837,000 (2018: £937,000) in respect of the Bristol Airport Pension Scheme (BAPS) and the unfunded pension provision and a net charge of £810,000 (2018: £684,000) for the Stakeholder scheme and other pension-related costs. At 31 December 2019, the group had no pension contributions prepaid or outstanding (2018: £nil).

Defined Contribution Scheme

The group has set up a group Stakeholder Pension Plan for most new employees. All eligible employees are offered membership of the scheme and the group contributes between 2% and 9% of pensionable salary, dependent on the level of employee contributions.

Defined Benefit Scheme

The group operates a defined benefit pension scheme, BAPS, which is funded.

Contributions are paid to the scheme at rates recommended by the actuary and the assets of the scheme are held and managed independently of the group's finances by independent investment managers appointed by the trustees of the scheme.

The latest formal valuation of the scheme was carried out as at 1 April 2017. This was the seventh triennial valuation of the scheme since it came into existence on 5 December 1997.

The valuation indicated that the market value of the scheme's assets was £59,554,000 which amounted to 103% of its liabilities (technical provisions). Based on these results it was agreed with the group that the level of employer contributions, required to meet the future service costs, would remain at 20.2% of pensionable salaries.

The main assumptions used by the actuary to calculate the scheme's technical provisions are set out in the Statement of Funding Principles and summarised below.

Inflation rate:	RPI	3.30% pa
	CPI	2.30% pa
Discount rate:	Pre-retirement	3.70% pa
	Post-retirement	2.80% pa
Salary growth:		3.30% pa
Pension increases:	Post 88 GMP	2.10% pa
	Excess (LPI)	3.20% pa
	Excess (RPI)	2.30% pa

21 POST-EMPLOYMENT BENEFITS (continued)

The last full actuarial valuation of the defined benefit scheme was carried out at 1 April 2017 and updated for the purposes of FRS 102 'Employee Benefits' to 31 December 2019 by a qualified independent actuary.

The major assumptions used by the actuary in the FRS 102 valuations were:

		31 Dec 2019 Per annum	31 Dec 2018 Per annum
Rate of increase in salaries		3.20%	3.40%
Rate of increase in pensions in payment – CPI		2.50%	2.40%
Rate of increase in pensions in payment – LPI		3.00%	3.30%
Rate of increase in deferred pensions		2.50%	2.40%
Discount rate		2.00%	2.80%
Inflation assumption – RPI		3.00%	3.40%
Inflation assumption – CPI		2.50%	2.40%
Life expectancy at age 65 for:		Years	Years
Current pensioners	Men	21.5	21.9
	Women	23.4	23.8
Future pensioners	Men	22.8	23.3
	Women	24.9	25.4

Analysis of amount charged to the profit and loss account

	31 Dec 2019 £000	31 Dec 2018 £000
Defined benefit scheme		
- Current service cost (including scheme expenses)	(837)	(927)
- Past service cost	-	(10)
- Curtailment/settlement gains	-	-
Defined contribution scheme	(810)	(684)
Total charge to operating profit	(1,647)	(1,621)
Defined benefit scheme		
- Net interest expense	(212)	(141)
Total charge to the profit and loss account	(1,859)	(1,762)

The net interest expense (finance charge) in the profit and loss account of £212,000 (2018: £141,000) is the sum of interest income on scheme assets of £1,579,000 (2018: £1,534,000) and the interest on scheme liabilities of £1,791,000 (2018: £1,675,000).

21 POST-EMPLOYMENT BENEFITS (continued)

Balance sheet analysis

	31 Dec 2019 £000	31 Dec 2018 £000
Market value of assets	63,058	58,638
Funded liabilities	(72,901)	(63,944)
Unfunded liabilities	(1,390)	(1,361)
Present value of liabilities	(74,291)	(65,305)
Deficit	(11,233)	(6,667)
Related deferred tax asset (note 16)	1,930	1,134
Net deficit after deferred tax	(9,303)	(5,533)

Reconciliation of scheme assets and liabilities:

	Assets £000	Liabilities £000	Total £000
As at 1 January 2019	58,638	(65,305)	(6,667)
Benefits received/(paid)	(2,707)	2,707	-
Employer contributions	685	(169)	516
Scheme expenses	(236)	-	(236)
Current service cost	-	(600)	(600)
Curtailment/settlement gain	-	-	-
Past service cost	-	-	-
Interest income/(expense)	1,579	(1,791)	(212)
Remeasurement gains/(losses)			
- Actuarial losses	5,099	(9,133)	(4,034)
- Return on plan assets excluding interest income	-	-	-
As at 31 December 2019	63,058	(74,291)	(11,233)

Total cost recognised as an expense:

	31 Dec 2019 £000	31 Dec 2018 £000
Current service cost (including scheme expenses)	(837)	(927)
Past service costs	-	(10)
Interest expense	(212)	(141)
Curtailment/settlement gains	-	-
	(1,049)	(1,078)

21 POST-EMPLOYMENT BENEFITS (continued)

The fair value of the plan assets as a percentage of total plan was:

		31 Dec 2019 £000		31 Dec 2018 £000
UK and overseas equities	0.6	381	8.2	4,765
Multi-asset funds	67.9	42,827	62.6	36,736
UK bonds	1.4	882	5.0	2,950
Liability driven investments	30.1	18,968	24.2	14,187
	100	63,058	100.0	58,638

22 ULTIMATE HOLDING COMPANY

The smallest and largest group to consolidate the results of Bristol Airport (UK) No.3 Limited is that headed by the company itself. Copies of the Financial Statements of the group are available from the registered address: Bristol Airport, Bristol, BS48 3DW.

The immediate parent company is UK Airports Midco Limited, a company incorporated in the United Kingdom and registered at the following address: 35 Great St. Helen's, London, EC3A 6AP.

The ultimate parent company is Ontario Teachers' Pension Plan Board, a pension plan in Canada registered at the same address as the immediate parent company.

23 POST BALANCE SHEET EVENT

The Coronavirus pandemic (COVID-19) has severely impacted global economies and the aviation sector has been one of the industries hardest hit, with airlines grounding the majority of their fleets, resulting in many airports now being effectively closed. Passenger numbers across the UK have fallen by more than 95% compared to last year since the start of the COVID-19 crisis.

Bristol Airport experienced a sharp fall in passenger numbers from mid-March resulting in passenger volumes for March being 53% below March 2019. By April, virtually all flights had ceased with passenger volumes in April less than 500, compared to over 700,000 last year. It is currently uncertain how quickly the airlines will bring back capacity and passenger's propensity to fly will recover.

The airport has taken various actions to manage its cashflows given the significant loss of revenue from the lack of passengers. This includes furloughing some of our workforce under the government's Job Retention Scheme and negotiating revised agreements with key suppliers. In addition, the group has agreed a waiver with its lenders to avoid breaching the terms of the debt facility agreements in the next 12 months. Further details on the waivers agreed with the lenders is provided in the Going Concern note in the Directors' Report on pages 14-15 and in note 3.