

Finance and Analytical Services

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Maureen Watt MSP
Convener
Infrastructure and Capital Investment Committee
M3.18
The Scottish Parliament
Edinburgh
EH99 1SP

Date:
26 March 2014

Dear Maureen

ICI Committee – 19th March 2014 – Prestwick

At the recent ICI Committee discussion on Prestwick Airport with the Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities, Mr Mark Griffin raised a query with regards to the recently reported losses for 2012-13 of £9.7m and I made a commitment to follow-up with an explanation of the figures.

TS Prestwick Holdco Ltd acquired Prestwick Aviation Holdings Ltd (PAHL), the holding company of five subsidiary entities that collectively can be regarded as Prestwick Airport. The recent press comment on the performance focused on one of the entities only, being Prestwick Aviation Limited (PAL). PAL owns the physical assets of the airport, but does not operate the airport – this is undertaken by Glasgow Prestwick Airport Ltd (GPA).

All of the entities share an accounting policy of holding fixed assets at valuation, with fluctuations in this valuation being charged as appropriate against a revaluation reserve or to the profit and loss account. The relevant statutory accounts contain comments on the valuations process and methodology. Valuations were carried out by Deloitte LLP as at March 2013 and resulted in write-downs through four of the six entities accounts.

The PAL accounts show a £9.2m operating loss, which includes a write-down in fixed assets of £10.1m. The previous year comparative was an operating loss of £1.7m following an asset write-down of £2.7m. Excluding the asset write-down the underlying performance of PAL was a £29k improvement in operating profit to £982k.

The GPA accounts show a £9.5m operating loss, which includes a write-down in fixed assets and investments of £3.7m. The previous year comparative was an operating loss of £6.8m following an asset and investment write-down of £1.2m. Excluding the write-down the underlying performance of GPA was a £160k deterioration in operating loss to £5.8m.

The remaining entities profit and loss accounts were solely impacted by a write- down in fixed assets.

Yours sincerely



Sharon Fairweather

Director, Finance