Registered No: 2065958

# Leeds Bradford Airport Limited

## Report and Financial Statements

## 31 March 2017

Registered No: 2065958

**Directors**
M R Davy
P A C Fox
A Hallwood (Resigned 14/06/2017)
J Parkin (Resigned 25/05/2017)
P French
S Whitby
R Gisby
D Laws (Appointed 25/05/2017)

**Secretary**
A G Secretarial Ltd

**Auditors**
Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

**Bankers**
The Royal Bank of Scotland plc
RBS North of England Corporate Banking Centre 1
Ashton House
PO Box 666
Waterloo Street
Bolton
BL1 8FH

**Registered Office**
Whitehouse Lane
Leeds
LS19 7TU

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# Strategic Report

The Directors present their strategic report for the year ended 31 March 2017.

**Key Financial Indicators**

The key financial and other performance indicators during the year were as follows:

| | 2017 £000 | 2016 £000 | Change % |
|---|---|---|---|
| Passenger numbers | **3,699** | 3,481 | 6% |
| Turnover | **32,047** | 29,477 | 9% |
| EBITDA | **8,012** | 7,668 | 4% |
| Underlying EBITDA | **8,166** | 7,057 | 16% |

Underlying EBITDA excludes significant one off, non-recurring items.

**Business Overview**

*Passengers, routes and services*

Leeds Bradford Airport Limited ("LBA") saw passenger numbers increase by 6% during the year resulting in the delivery of record annual numbers of 3.7m. This record performance was delivered by 14 airline partners who served 70 destinations.

The year on year growth was primarily driven by a number of airlines delivering increased capacity, in particular Jet2.com and Ryanair.

LBA has strong relationships with its incumbent airline partners. Key partners in 2016/17 were Jet2.com, Ryanair, Monarch, British Airways, Eastern Airways, Flybe, KLM, Aer Lingus, easyJet and Thomson.

In addition to our long term airline partners, we continue to develop new routes and introduce new operators with Aurigny introducing a service to Guernsey. Other additional services introduced during the year were Warsaw, Vilnius, Bratislava, Berlin, Grenoble, Gerona, Newquay and increased volume on existing services, while the Dinard and Enfidha services ceased.

Passenger numbers in the 2017/18 financial year are expected to exceed those delivered in the year ended 31 March 2017.

*Turnover*

Turnover has increased by 9% driven by strong passenger growth and continued increases in non-aeronautical turnover per passenger. Growth was particularly strong in food and beverage and LBA's in-house advertising function, whilst in car park revenue LBA delivered further improvements in premium car park revenue streams such as Meet and Greet, Premium Short Stay and Mid Stay.

## **Strategic Report** (Continued)

*Turnover (continued)*

Over the winter of 2016/17 the Board signed off investment in the terminal facilities, which will deliver increased circulation space including a 240 sq/m extension to LBA's main food and beverage outlet (The Saltaire Bar & Kitchen). This extension also delivers an additional 30 sq/m retail outlet that LBA is running in-house. This improvement in facilities will support the continued growth of non-aeronautical revenue, particularly as LBA expects passenger numbers to grow again in 2017/18.

During the course of 2016/17 turnover was impacted by a number of one off, non-recurring items totalling a credit of £76K (2016: credit of £nil).

*Operating costs*

During the course of 2016/17 staff and other operating costs were impacted by a number of one off, non-recurring items totalling a credit of £61K (2016: credit of £729K), adjusting for these, underlying costs increased by 6%. There were further one off, non-recurring items totalling a debit of £291K (2016: debit of £118K) presented as Exceptional operating charges. These mainly relate to restructuring costs.

*EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation)*

Statutory EBITDA was 4% ahead of prior year. After adjusting for one off, non-recurring items (being a debit of £154K (2016: credit of £611K), underlying EBITDA was 16% ahead of prior year driven by increased passenger numbers, increases in non-aeronautical revenue and tight cost control.

*Investments*

Key capital investments in 2016/17 included the commencement of a series of terminal improvements creating increased operational and commercial footprint, the introduction of common user terminal equipment to check-in hall A and all departure gates, commencement of a 2-3 year investment program to upgrade the Airfield Ground Lighting system, replacement car park barriers across the site and development of an upgraded car rental village, which in turn increased Mid Stay car park capacity.

*Planning and capacity development*

In March 2017 LBA published its' masterplan 'Route to 2030' together with a Surface Access Strategy for that time horizon. LBA is forecast to be handling c7m passengers by 2030.

Current terminal capacity provides for over 4 million passengers with additional capacity being created over winter 2016/17 and summer 2017. Collectively these developments deliver a further c1,000 square metres of departure lounge capacity. These will ensure that the terminal facilities will meet the anticipated passenger numbers over the medium term. Similarly the Route to 2030 document identifies land banks already owned by LBA that can be developed to accommodate the increased demand for car parking.

## Strategic Report (Continued)

*Planning and capacity development (continued)*

LBA is working closely with local authorities and other stakeholders to enhance the economic importance of LBA in the Leeds City Region, including utilising the connectivity benefits the airport brings to attract new business and leverage employment growth. This is taking shape through an integrated approach to land use planning and surface transport investment to LBA.

As part of Leeds City Council (LCC) Local Plan process, it has allocated 36ha of land to the north of LBA as an economic hub for general employment. LBA is working in conjunction with LCC to deliver an air innovation park, airport village and freight operations on the site in combination with other land within its ownership. The allocation will be focused on attracting new investment to the city tied into the Local Enterprise Partnerships Strategic Economic Plan aims, and in doing so enhancing LBA as the key international gateway to the region.

There is strong support politically to improve surface access to LBA, which has been recognised as a priority at a national and local level. LCC are in the process of developing a business case for a new road link to the airport from Leeds city centre. Works are due to start in 2021 and complete by 2024. Working alongside the West Yorkshire Combined Authority (WYCA), LCC have also been assessing the potential to connect LBA to the Leeds-Harrogate railway line. A Parkway rail station 1 mile to the south east of the Airport has been approved by the Department for Transport (DfT) and WYCA as part of LCC Transport Strategy subject to a viable business case being agreed. This is due to be completed in 2023.

### Disclosure statements

***Risk management***

Safety and security in all of their aspects are of paramount importance and the Board and operational teams track performance and have a rolling review program of safety and security scenarios. Business governance, environmental compliance and cyber security are also regularly reviewed by the board.

The Company maintains a Risk Register, which is regularly updated. The key corporate risks and mitigation profile are detailed below.

***Liquidity Risk***

The profile of debt outstanding at 31 March 2017 is disclosed within the notes to the financial statements.

Consequently on 26 April 2017 the Company refinanced the existing Senior Facilities (£89m as at 26 April 2017), putting in place a new 5 year term Senior Facility (£53m) and Shareholder Loan (£36m). The Company also has access to a Capital Expenditure Facility (£5.5m).

## **Strategic Report** (Continued)

***Liquidity Risk*** (continued)

Given current trading performance and forecasts the Company expects to operate comfortably within the terms of the new agreements. Interest on the Senior Facilities is charged at LIBOR plus bank margin. The Company has put in place a 3 year interest rate cap in respect of 75% of the new Senior Facility.

***Security***

Security of customers and staff is a priority for LBA. Security staff are trained to meet DfT and CAA requirements. LBA makes significant capital investment in the technology required to meet security requirements and during the course of the year invested in a seventh cabin baggage scanner for the central search zone. Close co-operation is maintained with government agencies and the police to ensure that the security regime is responsive to all changes in external threats.

LBA and West Yorkshire Police (WYP) have in place a Police Services Agreement (PSA) between the two parties, which runs to 31 March 2019. This delivers a strategic police presence at LBA, which further mitigates security risk.

***Health and safety***

The health and safety of customers and staff is a key operational risk for LBA. Management are supported in the execution of their responsibilities through the provision of training, auditing and specialist advice. The assessment of health and safety risks is inbuilt into daily management routines and is monitored by a comprehensive structure of health and safety committees that in turn are overseen by the Board.

***Environmental compliance***

The industry faces increased scrutiny and transparency in regard to its responsibilities on environmental issues. LBA is accountable to the local planning authority and regulatory bodies in regard to noise and flight track movements and in monitoring surface water run-off. The airport regularly monitors the level of waste, carbon emissions and air quality and has held the ISO 14001 environmental standard since 2005.

***Maintenance of mandatory certification***

LBA is audited by all Regulatory Departments (Aerodrome, Air Traffic Standards and Security) of the aviation safety regulator in accordance with all aspects of current national and European regulations.

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**Strategic Report** (Continued)

By order of the Board

David Laws
Director
27 July 2017

Registered No: 2065958

# Directors' Report

The Directors present their report for the year ended 31 March 2017.

### Directors

The current Directors and those who have served during the year are listed before the contents page.

### Allotted share capital

As at 31 March 2017 the issued share capital of the Company comprises 14,999,999 Ordinary shares of £1 each and 1 Special Rights Preference Share of £1.

### Profits, dividends and transfers to reserves

The Company's loss for the year, after taxation, was £6,023,000 (2016: loss £3,855,000) which has been transferred to reserves.

During the year the Group did not pay a dividend (2016: £nil) and the Directors do not propose dividends for the year.

### Future Developments

The directors anticipate that in the 2017/18 financial year passenger numbers will exceed those delivered in the year ended 31 March 2017 and also anticipate that the Company will deliver an improved level of financial performance to that delivered in the year ended 31 March 2017. The Company will continue to trade on the same basis for the foreseeable future.

### Accounting standards and policies

This Annual Report complies with all accounting standards issued by the Accounting Standards Board (ASB) as applicable to the financial statements at 31 March 2017.

The Company has adopted FRS102 for its financial statements for the period ended 31 March 2017.

### Going Concern Basis of Preparation

The Directors have considered the basis of preparation of the statutory accounts in line with the requirements of the guidelines issued by the Financial Reporting Council (FRC) in April 2016 entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk: Guidance for directors of companies that do not apply The UK Corporate Governance Code".

The Directors recognise the net current liability position on the Company balance sheet at 31 March 2017, which arises from the maturity date (30 April 2017) of the loan facilities. However, post year end the Company refinanced the loan facilities with a maturity of 26 April 2022.

## **Directors' Report** (Continued)

### **Going Concern Basis of Preparation** (continued)

The Directors have carried out a review of the business, the business plan and risks and sensitivities around the plan. The Directors have concluded that the business is a going concern and the statutory accounts should be prepared on a going concern basis, which assumes that the Company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due.

### **Employee involvement and employment of disabled persons**

Within the grounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees.

The Company gives equal opportunity to the employment of disabled persons where practicable. It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

### **Information to auditors**

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Re-appointment of auditors**

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Audit Committee for reappointment of Ernst & Young LLP as auditor of the Company.

By order of the Board

David Laws
Director
27 July 2017

# Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Independent auditor's report

**to the members of Leeds Bradford Airport Limited**

We have audited the financial statements of Leeds Bradford Airport Limited for the year ended 31 March 2017 which comprise the Statement of comprehensive income, the Statement of changes in equity and the Statement of financial position and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# Independent auditor's report

**to the members of Leeds Bradford Airport Limited**

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 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.

## Opinion on other matter 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. .

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Alastair John Richard Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
1/8/2017

# Statement of comprehensive income

**for the year ended 31 March 2017**

| | Notes | **2017** **£000** | 2016 £000 |
|---|---|---|---|
| ***Turnover*** | 2 | **32,047** | 29,477 |
| ***Operating costs*** | | | |
| Staff costs | 5 | **(10,408)** | (9,581) |
| Depreciation and amortisation | 8 & 9 | **(7,553)** | (7,615) |
| Other operating charges | | **(13,336)** | (12,110) |
| Exceptional operating charges | 4 | **(291)** | (118) |
| Impairment of tangible assets | | **(664)** | (25) |
| | | **(32,252)** | (29,449) |
| ***Operating (loss) / profit*** | | **(205)** | 28 |
| Loss on disposal of tangible fixed assets | 4 | **(305)** | - |
| Exceptional costs | 4 | **(1,013)** | - |
| Interest receivable | | **292** | 297 |
| Interest payable | 6 | **(5,662)** | (5,816) |
| Gain on revaluation of investment property | | **-** | 50 |
| | | **(6,688)** | (5,469) |
| ***Loss on ordinary activities before taxation*** | | **(6,893)** | (5,441) |
| Tax credit on ordinary activities | 7 | **870** | 1,586 |
| ***Loss for the financial year*** | | **(6,023)** | (3,855) |

All amounts relate to continuing operations.

| **Other comprehensive income** | | |
|---|---|---|
| Remeasurement losses recognised in the pension scheme | **(424)** | (61) |
| ***Total comprehensive loss for the financial year*** | **(6,447)** | (3,916) |

| **Note of historical cost profits and losses** | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| Reported loss on ordinary activities before taxation | **(6,893)** | (5,441) |
| Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount | **1,193** | 2,488 |
| Historical cost loss on ordinary activities before taxation | **(5,700)** | (2,953) |
| Historical loss for the year after taxation | **(4,939)** | (1,367) |

# Statement of changes in equity

**for the year ended 31 March 2017**

| | Called up share capital | Share premium account | Revaluation reserve | Non-distributable reserve | Profit and loss account | **Total equity** |
|---|---|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* | *£000* | ***£000*** |
| As at 1 April 2015 | 15,000 | 477 | 60,884 | 105 | (23,252) | **53,214** |
| Loss for the year | - | - | - | 50 | (3,905) | **(3,855)** |
| Difference between historical cost depreciation charge and actual depreciation charge | - | - | (2,488) | - | 2,488 | **-** |
| Other comprehensive loss | - | - | - | - | (61) | **(61)** |
| Total comprehensive loss for the year | - | - | (2,488) | 50 | (1,478) | **(3,916)** |
| At 31 March 2016 | 15,000 | 477 | 58,396 | 155 | (24,730) | **49,298** |
| Loss for the year | - | - | - | - | (6,023) | **(6,023)** |
| Difference between historical cost depreciation charge and actual depreciation charge | - | - | (1,193) | - | 1,193 | **-** |
| Other comprehensive loss | - | - | - | - | (424) | **(424)** |
| Other comprehensive loss for the year | - | - | (1,193) | - | (5,254) | **(6,447)** |
| **At 31 March 2017** | **15,000** | **477** | **57,203** | **155** | **(29,984)** | **42,851** |

The amount included in revaluation reserve for 2017 represents the movement in value of tangible fixed assets and investment properties up to the balance sheet date.

The amount included in non-distributable reserves represents the movement in value of investment properties.

# Statement of financial position

**at 31 March 2017**

| | Notes | 2017 £000 | 2016 £000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Intangible | 8 | **1,108** | 1,154 |
| Tangible | 9 | **116,131** | 120,103 |
| Investments | 10 | **1** | 1 |
| | | **117,240** | 121,258 |
| ***Current assets*** | | | |
| Stocks | 11 | **390** | 391 |
| Debtors: | | | |
| amounts falling due within one year | 12 | **2,766** | 2,624 |
| amounts falling due after more than one year | 12 | **38,830** | 34,489 |
| Cash at bank and in hand | 13 | **13,305** | 16,442 |
| | | **55,291** | 53,946 |
| ***Creditors***: amounts falling due within one year | 14 | **(98,958)** | (9,260) |
| ***Net current (liabilities) / assets*** | | **(43,667)** | 44,686 |
| ***Total assets less current liabilities*** | | **73,573** | 165,944 |
| ***Creditors:*** amounts falling due after more than one year | 15 | **(17,478)** | (102,949) |
| **Provisions for liabilities and charges** | 17 | **(12,827)** | (13,697) |
| ***Net assets excluding pension liabilities*** | | **43,268** | 49,298 |
| ***Pension*** | 23 | **(417)** | - |
| ***Net assets*** | | **42,851** | 49,298 |
| ***Capital and reserves*** | | | |
| Called up share capital | 18 | **15,000** | 15,000 |
| Share premium account | | **477** | 477 |
| Revaluation reserve | 21 | **57,203** | 58,396 |
| Non-distributable reserve | | **155** | 155 |
| Profit and loss account | 21 | **(29,984)** | (24,730) |
| ***Shareholders' funds*** | | **42,851** | 49,298 |

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 27 July 2017.

David Laws
Chief Executive Officer

Paul French
Chief Financial Officer

# Notes to the financial statements

**for the year ended 31 March 2017**

## 1. Accounting policies

***Statement of compliance***

Leeds Bradford Airport Limited is a limited liability company incorporated in England. The Registered Office is Leeds, LS19 7TU.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2017.

***Basis of preparation***

The financial statements of Leeds Bradford Airport Limited were authorised for issue by the Board of Directors on 27 July 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £000.

The Directors recognise the net current liability position on the Company balance sheet at 31 March 2017, which arises from the maturity date (30 April 2017) of the loan facilities. However, post year end the Group refinanced the loan facilities with a maturity of 26 April 2022.

The Directors have carried out a review of the business, the business plan and risks and sensitivities around the plan. The Directors have concluded that the business is a going concern and the statutory accounts should be prepared on a going concern basis, which assumes that the Company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due.

The Company is a wholly owned subsidiary of LBIA Holding Limited and is included in the consolidated financial statements of LBIA Holding Limited, which are publicly available. Consequently, the Company has taken advantage of the following exemptions:

- Preparation of a cash flow statement under section 7 of FRS 102.
- Reconciliation of outstanding shares under section 4 of FRS 102.
- Disclosure of the financial position and performance of its financial instruments.
- Disclosure of related party transactions under section 8 of FRS 102.

In the directors' opinion the Company's ultimate controlling party is Bridgepoint Capital (Nominees) Limited.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 1. Accounting policies (continued)

### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- ***Pension and other post-employment benefits***

  The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publically available mortality tables for the United Kingdom. Future salary increases and pension increases are based on expected future inflation rates for the United Kingdom. Further details are given in note 23.

### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales tax or duty. Traffic income, concession income and car parking income is recognised in the period to which it relates.

### *Lease income*

Rental income is recognised on a straight line basis over the period of the lease agreement.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 1. Accounting policies (continued)

### *Intangible assets*

Intangible assets acquired separately from a business are capitalised at cost. Subject to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

| | |
|---|---|
| Customer lists | 1 – 3 years |
| Websites | 1 – 3 years |
| Operating licences | 40 years |

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ from the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation, modified by the revaluation of all significant operational property, in addition to integral fixtures and fittings and plant and machinery, to depreciated replacement cost in May 2007. Depreciated replacement cost is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation is provided at rates calculated to write off the cost or revaluation of fixed assets on a straight line basis over their expected useful lives on the following bases. There is a broad range of expected useful economic lives for the runways, taxiways & aprons as there are various layers within the runway which have differing useful economic lives.

Freehold land is not depreciated.

| | |
|---|---|
| Freehold buildings | 20 - 40 years |
| Runways, taxiways & aprons | 3 - 100 years |
| Plant, equipment & fittings | 3 - 25 years |
| Vehicles | 5 - 15 years |

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 1. Accounting policies (continued)

***Investment properties***

The company holds some property for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

***Investments***

Fixed asset investments are stated at cost less provision for impairment.

***Operating leases***

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

***Stocks***

Stocks comprise consumables held for subsequent use by the airport and are valued at the lower of cost and net realisable value.

***Income taxes***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

***Deferred tax***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred before that date that will result in either an obligation to pay more tax, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 1. Accounting policies (continued)

### *Pensions*

The company contributes to a multi employer defined benefit scheme (The Federated Pension Plan (FPP)), which is accounted for under the requirements of FRS 102. Assets and liabilities arising from the Company's share of the scheme are shown at fair value. For further details see the pensions note to the financial statements.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

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

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid-market price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The Company's section of the FPP was closed to future accrual from 31 March 2017.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 1. Accounting policies (continued)

***Exceptional operating charges***

The Company presents as exceptional operating charges on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the financial statements to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

***Exceptional items***

The Company presents as exceptional items on the face of the income statement, those items that meet the definition of exceptional items under FRS 102.

***Cash and cash equivalents***

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

***Short term debtors and creditors***

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating charges.

***Loans***

Loans which are basic financial instruments are measured at amortised cost using the effective interest method. Loans that are receivable within one year are not discounted.

## 2. Turnover

Turnover represents amounts receivable for services supplied to customers during the year and is recognised once the service has been delivered. The main income streams within turnover are aeronautical revenue from airlines, revenue from car parking operations and rental income from tenants and retail concessions operating at the airport.

The whole of the turnover and profit before taxation derives from the Company's principal activities within the United Kingdom, which the Directors regard as one class of business.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 3. Operating loss

The operating loss is stated after charging:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Amortisation of intangible fixed assets | **72** | 72 |
| Impairment of tangible fixed assets | **664** | 25 |
| Depreciation of tangible fixed assets | **7,481** | 7,543 |
| Auditor's remuneration | **37** | 48 |
| Operating lease rentals – plant and machinery | **56** | 29 |

## 4. Exceptionals

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Restructuring costs | **(246)** | (181) |
| Bank facility extension refund / (costs) | **-** | 63 |
| Surface Access Strategy costs | **(45)** | - |
| **Exceptional operating charges** | **(291)** | (118) |
| Refinancing costs | **(573)** | - |
| DB Pension Scheme cessation of future accrual costs | **(440)** | - |
| Loss on disposal of fixed assets | **(305)** | - |
| **Exceptional Items** | **(1,318)** | - |

## 5. Directors' remuneration and benefits and staff costs

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Directors' remuneration | **1,109** | 1,094 |

None of the directors were accruing benefits under the defined benefit pension scheme during the year (2016: nil).

The Company considers the directors to be all key management personnel. There is no further key management personnel compensation other than that reported above.

The highest paid director received remuneration and benefits as follows:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Remuneration | **415** | 389 |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 5. Directors' remuneration and benefits and staff costs (continued)

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

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Wages and salaries | **8,795** | 8,080 |
| Social security costs | **844** | 722 |
| Other pension costs | **769** | 779 |
| | **10,408** | 9,581 |

Included in other pension costs are £500,229 (2016: £471,092) in respect of the defined benefit scheme, £218,322 (2016: £271,649) in respect of defined contribution schemes and £50,817 (2016: £36,066) in respect of life insurance.

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

| | 2017 No. | 2016 No. |
|---|---|---|
| Administration | **34** | 33 |
| Emergency services | **48** | 47 |
| Air traffic control | **34** | 33 |
| Support services | **119** | 107 |
| | **235** | 220 |

## 6. Interest payable

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Bank loans | **5,662** | 5,816 |
| Other loans – amounts owed to parent company | **-** | - |
| | **5,662** | 5,816 |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 7. Taxation

(a) Analysis of tax charge / (credit) in year

| | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| *Current tax:* | | |
| UK corporation tax at 20.00% | **-** | - |
| Total UK taxation | **-** | - |
| *Deferred tax:* | | |
| Changes in deferred tax balances arising from: | | |
| Origination or reversal of timing differences | **(109)** | (58) |
| Effect of tax rate change on opening balance | **(761)** | (1,528) |
| Total deferred tax credit | **(870)** | (1,586) |
| Tax credit on profit / loss on ordinary activities | **(870)** | (1,586) |

(b) Factors affecting the tax credit for the year

The tax assessed for the year is lower (2016: higher) than would be expected by multiplying loss on ordinary activities by the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are reconciled below:

| | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| Loss on ordinary activities before tax | **(6,893)** | (5,441) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax of 20% (2016: 20%) | **(1,379)** | (1,088) |
| Effects of: | | |
| Tax rate changes | **(552)** | (1,528) |
| Expenses not deductible for tax purposes | **1,208** | 1,139 |
| Income not taxable | **-** | (84) |
| Other comprehensive income | **(85)** | (12) |
| Movement on unrecognised deferred tax | **(93)** | (13) |
| Group relief claimed | **31** | - |
| Total tax credit for the year | **(870)** | (1,586) |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 7. Taxation (continued)

(c) Deferred tax

There is an unrecognised deferred tax asset of £3,356,000 (2016: £3,499,000) in relation to a combination of tax losses carried forward, fixed asset timing differences and other short term timing differences. A deferred tax asset has not been recognised in respect of these amounts as the use of the resultant losses in the future is uncertain.

(d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 March 2017 has been calculated based on these rates.

## 8. Intangible assets

| | **Intangible assets** ***£000*** |
|---|---|
| ***Cost:*** | |
| At 1 April 2016 | **2,374** |
| Additions | **26** |
| **At 31 March 2017** | **2,400** |
| ***Amortisation:*** | |
| At 1 April 2016 | **1,220** |
| Provided during the year | **72** |
| **At 31 March 2017** | **1,292** |
| ***Net book value:*** | |
| **At 31 March 2017** | **1,108** |
| At 31 March 2016 | 1,154 |

The estimated useful life is based on a variety of factors such as the expected use of the acquired asset and legal and regulatory considerations.

Intangible assets include costs associated with licences to operate that are being amortised evenly over their useful lives of 40 years.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 9. Tangible assets

| | Freehold land | Freehold buildings | Runways, taxiways & aprons | Plant, equipment & fittings | Vehicles | Assets under construction | **Total** |
|---|---|---|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* | *£000* | *£000* | ***£000*** |
| *Cost or valuation:* | | | | | | | |
| At 1 April 2016 | 34,044 | 59,392 | 74,323 | 41,636 | 4,416 | 3,450 | **217,261** |
| Reclassification | - | 383 | 332 | 729 | 54 | (1,498) | - |
| Additions at cost | - | 514 | 155 | 626 | 77 | 3,132 | **4,504** |
| Revaluation of investment properties | - | - | - | - | - | - | - |
| Impairment of assets | - | - | - | - | - | (664) | **(664)** |
| Disposals | - | (36) | - | (1,170) | (457) | - | **(1,663)** |
| **At 31 March 2017** | **34,044** | **60,253** | **74,810** | **41,821** | **4,090** | **4,420** | **219,438** |
| *Depreciation:* | | | | | | | |
| At 1 April 2016 | - | 31,434 | 32,975 | 29,520 | 3,229 | - | **97,158** |
| Reclassification | - | - | - | - | - | - | - |
| Charge for year | - | 2,420 | 2,704 | 2,119 | 238 | - | **7,481** |
| Disposals | - | (8) | - | (929) | (395) | - | **(1,332)** |
| **At 31 March 2017** | **-** | **33,846** | **35,679** | **30,710** | **3,072** | **-** | **103,307** |
| *Net book value:* | | | | | | | |
| **At 31 March 2017** | **34,044** | **26,407** | **39,131** | **11,111** | **1,018** | **4,420** | **116,131** |
| At 31 March 2016 | 34,044 | 27,958 | 41,348 | 12,116 | 1,187 | 3,450 | **120,103** |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 9. Tangible assets (continued)

Included within tangible assets are investment properties as follows:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Land and buildings | **1,115** | 1,115 |

The investment property was subject to external valuation at 31 March 2016 on the basis of open market value by Cushman & Wakefield Limited (formerly Debenham Tie Leung (DTZ) Limited. This valuation was prepared in accordance with the appropriate sections of the Valuation Standards and United Kingdom Valuation Standards contained within the RICS Valuation – Professional Standards 2014.

The directors' opinion is that the fair value of the property remains unchanged at 31 March 17.

*Historical cost*

| | Freehold land | Freehold buildings | Runways, taxiways & aprons | Plant, equipment & fittings | Vehicles | Total |
|---|---|---|---|---|---|---|
| At 31 March 2016 | 5,310 | 52,133 | 26,092 | 42,490 | 4,582 | **130,607** |
| Aggregate depreciation based on cost | - | 26,205 | 14,798 | 29,050 | 3,360 | **73,413** |
| At 31 March 2017 | 5,310 | 52,207 | 26,413 | 40,792 | 4,221 | **128,943** |
| Aggregate depreciation based on cost | - | 28,140 | 16,717 | 30,310 | 3,203 | **78,370** |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 10. Fixed asset investments

| | Shares in subsidiary undertakings |
|---|---|
| | *£000* |
| Cost: | |
| At 31 March 2016 and 31 March 2017 | 1 |

At the year end, the Company holds investments in 100% of the ordinary share capital of Yorkshire International Airport Limited, which serves as an agent to the Company, LBA Security Services Ltd, which provides services to the company, and Leeds Airport Limited, Leeds City Airport Limited, Leeds City Region Airport Limited and Yorkshire Airport Limited, which are dormant. The Company holds no indirect investments.

## 11. Stocks

| | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| Raw materials and consumables | **390** | 391 |

The difference between purchase price and the replacement cost of stock is not material. Stocks recognised as an expense in the period were £544,000 (2016 - £560,000) for the group.

## 12. Debtors: amounts falling due within one year

| | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| Trade debtors | **1,701** | 1,775 |
| Prepayments and accrued income | **1,024** | 751 |
| Amounts owed by subsidiary | **41** | 98 |
| | **2,766** | 2,624 |
| ***Amounts falling due after more than one year:*** | | |
| Amounts owed by parent company | **38,830** | 34,489 |
| | **41,596** | 37,113 |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 13. Cash and cash equivalents

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Cash at bank and in hand | **13,305** | 16,442 |

## 14. Creditors: amounts falling due within one year

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Trade creditors | **884** | 407 |
| Other tax and social security | **439** | 704 |
| Accruals | **8,442** | 7,924 |
| Amounts owed to subsidiary | **326** | 225 |
| Senior facility | **88,867** | - |
| | **98,958** | 9,260 |

## 15. Creditors: amounts falling due after more than one year

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Amounts owed to parent company | **17,478** | 16,099 |
| Senior facility | - | 86,850 |
| | **17,478** | **102,949** |

### *Amounts owed to parent company*

The amount owed to parent company carries interest at 0.5% above the cost of borrowing and has no fixed repayment schedule.

## 16. Loans

Loans repayable, included within creditors, are analysed as follows:

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Wholly repayable within 1 year | **88,867** | - |
| Wholly repayable within 5 years | **17,478** | 102,949 |

Interest on the senior facility is charged at LIBOR plus bank margin with a maturity date of 30 April 2017.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 17. Provisions for liabilities and charges

| | Deferred Tax £000 |
|---|---|
| At 1 April 2016 | **13,697** |
| Charge for the year | **-** |
| Released in the year | **(870)** |
| Utilised in the year | **-** |
| **At 31 March 2017** | **12,827** |

## 18. Share capital

| Authorised | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| 22,499,999 Ordinary Shares of £1 each | **22,499,999** | 22,499,999 |
| 1 Special Rights Preference Share of £1 each | **1** | 1 |
| | **22,500,000** | 22,500,000 |

| Allotted, called up and fully paid | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| 14,999,999 Ordinary shares of £1 each | **14,999,999** | 14,999,999 |
| 1 Special Rights Preference Share of £1 each | **1** | 1 |
| | **15,000,000** | 15,000,000 |

The total issued capital of the Company comprises 14,999,999 Ordinary shares of £1 each and 1 Special Rights Preference Share of £1.

### *Special rights preference share*

The Ordinary Shares and the Special Rights Preference Share ('Special Share') are separate classes of shares. On distribution of capital on winding up of the Company, the Special Share shall rank pari passu with the Ordinary Shares but shall only be entitled to receive £1 by way of a return of capital. The Special Share shall have no other rights to participate in a return of capital by the Company or to participate in any dividend or distribution.

# Notes to the financial statements

**for the year ended 31 March 2017**

### 18. Share capital (continued)

Other than special airport meetings as defined in the articles of association of the Company or general meetings at which any of the matters set out in articles S15 1.1 to S15 1.6 are to be considered, the Special Share shall have no right to receive notice of or attend or vote at any meeting of the Company.

### 19. Capital commitments

At 31 March 2017 the Company had entered into contracts for capital expenditure, provided for in these accounts, amounting to approximately £1,203,000 (2016: £1,396,000). There are further capital commitments of £3,394,000 for which the Company has not provided (2016: £62,000).

### 20. Other commitments

At 31 March 2017 the Company's commitments under operating leases for plant and machinery are as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| *Amounts payable:* | | |
| Within one year | **64** | 29 |
| Between one and five years | **117** | 9 |

### 21. Reserves

***Share premium account***

This reserve records the amount above the nominal value received for the shares sold, less transaction costs.

***Revaluation reserve***

This reserve records historic revaluations of investment property and property, plant and equipment. The movements in this account represent the difference between the depreciation charge for the year based on the revalued amount and the depreciation charge for the year based on the historic cost.

***Non-distributable reserve***

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 22. Transactions with related parties

The Company is a wholly owned subsidiary of LBIA Holding Limited and is included in the consolidated financial statements of LBIA Holding Limited, which are publicly available.

The Company has taken advantage of the exemptions allowed under FRS102 from disclosing transactions with related parties that are part of the LBIA Holding Limited Group, or investees of the Group.

# Notes to the financial statements

**for the year ended 31 March 2017**

## 23. Pension costs

The Company participates in the Federated Pension Plan (FPP) which is a multi-employer defined benefit scheme. The Company's section of the FPP is closed to new entrants, and was closed to future accrual on 31 March 2017. The current service cost is calculated using the Projected Unit Method under FRS 102. The FPP finances are independent of the Company's finances.

An actuarial valuation of the Group's section of the FPP will be performed at intervals of not more than three years and the rates of contribution will be determined by the trustees on the advice of the Scheme Actuary having regard to the results of the actuarial valuation. Subsequent to the balance sheet date, the third tri-annual valuation of the Group's section of the FPP has been completed relating to the position as at 5 April 2016.

The major assumptions used by the actuary were:

| | **31 March 2017** | 31 March 2016 | 31 March 2015 |
|---|---|---|---|
| Inflation rate (%) | **3.2** | 3.0 | 2.9 |
| Rate of increase in salaries (%) | **3.2** | 3.0 | 2.9 |
| Rate of increase in pensions in payment (%) | **3.2** | 3.0 | 2.9 |
| Discount rate applied to scheme liabilities (%) | **2.7** | 3.7 | 3.4 |

*The mortality assumptions adopted imply the following life expectancies:*

| | **31 March 2017** | 31 March 2016 | 31 March 2015 |
|---|---|---|---|
| Male retiring now at age 63 | **22.0** | 24.1 | 24.0 |
| Female retiring now at age 63 | **24.0** | 26.3 | 26.3 |
| Male retiring in 20 years at age 63 | **23.3** | 25.5 | 25.4 |
| Female retiring in 20 years at age 63 | **25.5** | 27.8 | 27.8 |

# Notes to the financial statements

**for the year ended 31 March 2017**

## 23. Pension costs (continued)

***Fair value and expected return on assets***

| | **Value at 31 March 2017** *£000* | Value at 31 March 2016 *£000* | Value at 31 March 2015 *£000* |
|---|---|---|---|
| Equities | **7,000** | 5,811 | 5,608 |
| Government bonds | **3,500** | 2,905 | 2,804 |
| Cash | **94** | 13 | 22 |
| Total market value of assets | **10,594** | 8,729 | 8,434 |
| Present value of scheme liabilities | **(11,011)** | (7,620) | (7,272) |
| Surplus (deficit) in the scheme | **(417)** | 1,109 | 1,162 |
| Related deferred tax (liability) | - | - | - |
| Unrecognised surplus | - | (1,109) | (1,162) |
| Defined benefit asset (liability) to be recognised | **(417)** | - | - |

***Changes in the present value of the defined benefit obligations are analysed as follows:***

| | *£000* |
|---|---|
| As at 1 April 2016 | 7,620 |
| Current service cost | 505 |
| Expenses | 80 |
| Interest expense | 288 |
| Contributions by plan participants | 112 |
| Actuarial losses | 2,756 |
| Benefits paid | (350) |
| **As at 31 March 2017** | **11,011** |

# Notes to the financial statements

**for the year ended 31 March 2017**

**23. Pension costs** (continued)

***Changes in the fair value of plan assets are analysed as follows:***

| | ***£000*** |
|---|---|
| As at 1 April 2016 | 8,729 |
| Interest income | 329 |
| Contributions by the company | 592 |
| Contributions by plan participants | 112 |
| Actuarial gains | 1,182 |
| Benefits paid | (350) |
| **As at 31 March 2017** | **10,594** |

***Analysis of amount charged to operating loss***

| | **2017** ***£000*** | 2016 *£000* |
|---|---|---|
| Current service cost (excluding member contributions) | **505** | 493 |
| Expenses | **80** | 82 |
| Net cost | **585** | 575 |

***Analysis of amount recognised in other comprehensive income***

| | **2017** ***£000*** | 2016 *£000* |
|---|---|---|
| Actual return on pension scheme assets (excluding amounts included in net interest cost) – gain / (loss) | **1,182** | (488) |
| Experience gains and losses arising on the plan liabilities – (loss) / gain | **(208)** | 11 |
| Effects of changes in assumptions underlying the present value of the scheme liabilities – (loss) / gain | **(2,548)** | 322 |
| Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain | **1,150** | 94 |
| Remeasurement losses recognised in Other Comprehensive Income | **(424)** | (61) |

# Notes to the financial statements

**for the year ended 31 March 2017**

### 23. Pension costs (continued)

The scheme has been closed to future accrual however the company has agreed to past service deficit contributions with the trustee, therefore the best estimate of contributions to be paid by the Company to the scheme for the period beginning 1 April 2017 is £192,000. In addition the Company will pay additional amounts into the scheme to cover ill-health early retirement enhancements.

### 24. Parent undertaking and controlling party

The Company's parent undertaking is LBIA Holding Limited, a company registered in England. Its Group financial statements are available on application to the Company Secretary, LBIA Holding Limited, Whitehouse Lane, Leeds, LS19 7TU.

The Company's ultimate controlling party is Bridgepoint Capital (Nominees) Limited, a company incorporated in England and Wales. A copy of the Group financial statements can be obtained from Bridgepoint Capital (Nominees) Limited, 95 Wigmore Street, London, W1U 1FB.

### 25. Financial Instruments

| | **2017** | 2016 |
|---|---|---|
| | ***£000*** | *£000* |
| ***Financial assets that are debt instruments measured at amortised cost*** | | |
| Trade debtors | **1,701** | 1,775 |
| Other debtors | **38,871** | 34,587 |
| ***Financial liabilities measured at amortised cost*** | | |
| Trade creditors | **884** | 407 |
| Other creditors | **17,804** | 16,324 |
| Bank loans | **88,867** | 86,850 |

### 26. Post balance sheet events

On 26 April 2017 the Company refinanced the existing Senior Facilities (£89m as at 26 April 2017), putting in place a new 5 year term Senior Facility (£53m) and Shareholder Loan (£36m). The Company also has access to a Capital Expenditure Facility (£5.5m).