

Registered No: 2065958

Leeds Bradford Airport Limited

Report and Financial Statements

For the year ended 31 March 2020

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Leeds Bradford Airport Limited

Registered No: 2065958

Directors

P French (Resigned 29/08/2019)
S Whitby (Resigned 29/02/2020)
D Laws (Resigned 30/04/2019)
NA McBreen (Resigned 20/06/2019)
JR Wild (Appointed 27/02/2020, Resigned 14/8/2020)
HG Rees (Appointed 20/05/2019)
AJ Petrie (Appointed 20/06/2019)
DR Rees (Appointed 20/06/2019)
G Ferguson (Appointed 02/12/2019)
D Ives (Appointed 01/03/2020)
DG Craven (Appointed 24/02/20, Resigned 17/03/20)

Secretary

A G Secretarial Limited

Auditors

BDO LLP
6th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

The Royal Bank of Scotland plc
Bolton Customer Service Centre
PO Box 2027
Parklands
De Havilland Way
Bolton
BL6 4YU

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 2020.

Principal Activity

The Company's principal activity as at 31 March 2020 is that of running a passenger airport.

Key Financial Indicators

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

	2020	Restated 2019	Change
	£'000	£'000	%
Passenger numbers	3,833	4,067	(5.8%)
Turnover	36,873	36,384	1.3%

Business Overview

Passengers, routes and services

The onset of the COVID-19 pandemic and the demise of Flybe adversely affected passenger traffic during March leading to the cessation of all flying during the final week of the month. Load factors were marginally ahead of the previous year.

Leeds Bradford Airport Limited (LBA) has strong relationships with its incumbent airline partners. Key airlines in 2019/20 were Jet2.com, Ryanair, KLM, British Airways, Eastern Airways, Aer Lingus, TUI, Balkan Holidays and Aurigny. During the year, LBA has introduced additional services to Izmir, Turkey whilst routes to Belfast and Newquay temporarily ceased due to Flybe entering administration.

Passenger numbers in the 2020/21 financial year are expected to be severely impacted as a consequence of the COVID-19 pandemic in relation to those delivered in the year ended 31 March 2020.

Turnover

Turnover was impacted to some extent by the onset of the COVID-19 pandemic during March 2020. The consequent reduction in passenger numbers adversely affected revenue streams associated with Food and Beverage offerings and Car Parking. Aeronautical and other income offset these reductions with overall turnover rising by 1.3% for the year.

The effects of COVID-19 will be fully felt during the financial year 2020/21 with the severe reduction in passenger numbers affecting all revenue streams and a significant reduction in turnover is anticipated.

Strategic Report (Continued)

Investments

LBA made a major investment in a new baggage handling facility during 2019/20 which was completed by summer 2020, alongside a further investment in the central search zone, which will collectively facilitate an increase in passenger capacity. A programme of investment was also undertaken to refresh various Concessions both landside and airside including the Lounges to improve the passenger experience whilst transiting through the airport.

Planning and capacity development

The previously consented terminal extension project was paused for review in summer 2019, followed by a decision to progress with a more ambitious scheme to construct a new terminal building at the eastern end of the apron. A design and planning team were appointed in autumn 2019 with the intent to submit a planning application in May 2020. Subject to receiving planning consent in late 2020, construction of the new terminal could commence in early 2021 with opening anticipated in spring 2023.

Risk management

The effective management of risk is critical to our success and delivery of our business objectives. The Group adopts a risk management strategy which ensures that the business is able to control and mitigate risks effectively. As part of this governance, the Group maintains a Risk Register and a Business Continuity plan with key risks being regularly reviewed by the Board.

Key corporate risks and mitigation profile are detailed below:

Liquidity Risk

The profile of debt outstanding at 31 March 2020 is disclosed within the notes to the financial statements.

The Group continues to operate within a 7 year term Senior Facility (£65m), Capital Expenditure Facility (£15m) and Revolving Credit Facility (£3m).

Interest on the Senior Facilities is charged at LIBOR plus bank margin. The Group has put in place a 7 year interest rate swap in respect of 100% of the Senior Facility.

Due to the impacts of the COVID-19 pandemic, the Group has subsequently reached agreement with Lenders to modify existing facilities thereby providing additional liquidity and also a Covenant Waiver period to 31 March 2021.

Strategic Report (Continued)

Credit Risk

Company policies are aimed at limiting exposure to credit risk and require that the financial standing and credit history of potential new customers is reviewed, and appropriate credit terms agreed, prior to entering into any arrangements. Debtor accounts are managed closely on a day to day basis. LBA also has powers under the Civil Aviation Authority (Airports Act 1986) to detain aircraft where aeronautical debts have not been paid. Additionally car parking income is largely made up of cash and credit/debit card transactions therefore credit risk is minimal in respect of this key income stream.

Disclosure statements

Security, Health & Safety

The safety and security of our customers and staff is paramount. The assessment of health, safety and security risks is inbuilt into daily management routines and is monitored by a comprehensive structure of inspections, audits and health and safety committees. Close co-operation is maintained with government agencies and the police to ensure that all external threats are effectively mitigated. West Yorkshire Police (WYP) continues to deliver a strategic police presence on the site to further mitigate security risk. Staff are trained to meet Department for Transport (DfT) and Civil Aviation Authority (CAA) requirements. During the course of the year, LBA will plan to meet the decisions made by the Secretary of State for Transport to upgrade the UK's Airport Security Requirements. This includes further roll out of security scanning equipment which offers the best all-round method for the detection and deterrence of prohibited articles carried on the person. Additionally, and in line with National requirements as they come on line, LBA will roll out new cabin baggage screening equipment which will utilise a combination of automated explosive detection systems (EDS-CB) and technologies such as computed tomography (CT) to provide 3D images that can be manipulated by the screener to considerably enhance their ability visually to detect concealed prohibited articles.

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

The Company is certified to operate by the European Aviation Safety Agency (EASA). The CAA monitors compliance with all legal requirements through audits and inspections. Air Traffic Services operate under an Air Navigation Service Provider certification (though EASA) which is also regulated by the CAA.

Strategic Report (Continued)

Streamlined Energy and Carbon Reporting (SECR)

	Activity	Fuel	Amount	Unit	Total CO2e (kg)	CO2e (tonnes)
Scope 1	Gas Consumption	Natural Gas	4,040,460	kWh	742,869	743
	Fleet Vehicles	Diesel	72,119	litres	186,384	186
		Gas	66,355	litres	183,015	183
		Oil/Red Diesel				
	Back-up generators	Gas Oil	9,735	litres	26,851	27
	Fire Training	Diesel	500	litres	1,297	1
	Total SCOPE 1				1,140,416	1,140
Scope 2	Purchased Electricity (location based)	Electricity	6,434,790	kWh	1,608,131	1,608
	Total SCOPE 2				1,608,131	1,608
Scope 3	Staff Business Travel	Diesel	12,814	miles	3,494	4
	Total SCOPE 3				3,494	4
	Total Gross CO2e				2,752,041	2,752

Intensity Ratio (kg CO2e per airport passenger)	0.72 kg CO2e
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The intensity ratio of kg CO2e per passenger is a standard key performance indicator for the airport industry. Total passengers during the reporting period = 3,832,805.

Methodology

The following documents and guidance have been used to produce this report:

- HM Government, Environmental Reporting Guidelines (March 2019).
- GHG Reporting Protocol - Corporate Standard.
- UK Government Conversion Factors for Company Reporting (2019 & 2020).

Strategic Report (Continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy Efficient Measures

During the reporting period we have carried out the following energy efficiency measures:

- Completion of a major project to replace the runway lighting with LED's. Additionally, constant current lighting circuits have been installed on the runway lighting to provide a lower kilowatt rating, thus providing further energy reductions.
- Variable speed drives have been retrofitted on the escalators for efficiencies during periods of low or no passenger movements.
- Installation of video conferencing facilities to minimise the need for staff business travel.

In addition to the above, LBA achieved Level 1 of the Airport's Carbon Accreditation Scheme (ACAS). ACAS is an independent carbon management and reduction scheme, specifically for the airport industry and is awarded by the Airport's Council International (ACI).

Section 172 Statement Stakeholder Engagement

Director Performance in Accordance with s172(1) Companies Act 2006

The board of Directors are aware of their statutory duties under s172 (1) of the Companies Act 2006. The Directors believe they have fulfilled their duties in promoting the success of the company for the benefit of its stakeholders and members by having regard to:

- Long term consequences of key strategic decisions.
- The wellbeing of its employees.
- Fostering relationships with and acted fairly towards stakeholders.
- Considering the impact of the Airports operations on local communities and the environment.
- Maintaining high standards of conduct.

Key strategic business decisions are made by the LBA Board in the context of information provided by the LBA management team at regular intervals.

The LBA Board makes its decisions taking into account the interests of a wide range of internal and external stakeholders including, for example, employees, local communities, trades unions, airline and commercial business partners, passengers, government agencies and, of course, the environment beyond the region in which LBA is situated.

Strategic Report (Continued)

Director Performance in Accordance with s172(1) Companies Act 2006 (continued)

LBA takes its responsibilities to all its stakeholders very seriously. As an airport, LBA is a safety critical business with a significant influence on the economic, social and environmental wellbeing of the local community in which it is situated. These interests must be balanced with the interests of the company and its shareholders.

LBA employs a number of dedicated employees and external consultants to help it take into account the needs and views of its stakeholders. For example, LBA employs a Head of Planning to assist with consultations with local interest groups and government agencies, an HR Director and team to manage employee welfare and an Environmental Manager to help manage LBA's impact on the environment and its relationships with key environmental agencies.

As it is an airport, LBA operates in a highly regulated environment. LBA is subject to the regulatory oversight of the CAA and the Environment Agency as well as a large number of other agencies. LBA conducts internal audits and control arrangements and is subject to regular external regulatory audits and spot checks. LBA's licence to operate depends on compliance with its regulatory obligations.

A key strategic business decision taken during the year was to pause the previously consented terminal extension project for review in summer 2019, followed by a decision to progress with a more ambitious scheme to construct a new terminal building at the eastern end of the apron. A design and planning team were appointed in autumn 2019 with the intent to submit a planning application in May 2020. Subject to receiving planning consent in late 2020, construction of the new terminal could commence in early 2021 with opening anticipated in spring 2023. Communication to stakeholders has been in line with engagement processes described below.

Specific stakeholder engagement takes place in the following manner:

Employees

A monthly internal newsletter is distributed to all staff highlighting issues that impact upon employee's use of, or work within, the airport. An employee satisfaction survey was commissioned in 2019 to ascertain if improvements could be made to the working environment and practices. During the COVID-19 pandemic, the CEO has instigated a weekly 'Townhall' conference call that all staff are invited to participate in. During this an update on the airports passenger numbers and COVID-19 impacts is provided. Staff are invited to submit questions which are answered by either the CEO or an airport Director.

Local Communities & Business

LBA participates in a large number of local business forums, such as the Airport Operators Association, Airports Council International, CBI, the British Chamber of Commerce and other associations through which LBA is able to communicate with the local community.

Strategic Report (Continued)

Local Communities & Business (continued)

Like most airports, LBA also hosts a quarterly meeting of the local Airport Consultative Committee, which is composed of local members of the public with an interest in the airport. LBA's CEO speaks regularly at those meetings and invites questions. These meetings cover topics as diverse as LBA's development plans, aircraft noise, the cleanliness of LBA's facilities and, of course, LBA's impact on the environment.

Trades Unions

LBA consults regularly with trades unions with members at the airport and directly with employees through direct written and verbal communication at CEO and head of department level.

Airline & Commercial Partners

LBA is a safety-critical business and it conducts regular audits on business partners, subcontractors and any third parties operating at LBA. The purpose of these audits is to ensure that companies operating on-site are complying with LBA's corporate rules and regulations for operating at the airport.

Passengers

Passengers have a variety options to connect with LBA being via telephone, email, social media channels (twitter, Facebook, Instagram, Google), LBA's website or writing a letter.

The nature of any request determines how LBA deal with the response. Social media is often a reactive means of communication so the Airport Duty Manager who is on shift 24/7, will deal and respond accordingly. If the request is via email, letter or phone it is directed towards the department responsible who investigates, advises and responds direct to the customer.

All requests are logged to ensure any trends are captured and reported in a monthly Board report.

Government Agencies

Extensive consultations with local and national government agencies take place on a regular basis. Most recently, LBA has been involved in a local public consultation concerning its planning application to develop a replacement terminal building, and with the UK Government on its response to the COVID-19 pandemic. LBA consults regularly with local government, local economic development agencies, Members of Parliament, city councillors and others.

Strategic Report (Continued)

The Environment

LBA takes its environmental responsibilities very seriously. With this in mind, the Airport has developed a Sustainability Strategy entitled *Leeds Bradford Airport – Fit for a Sustainable Future*. The document details a number of aims and objectives which LBA is working towards, including sustainable design, carbon strategy, transport, climate resilience, environmental protection, circular economy, health & wellbeing and regional economy.

LBA enjoys a proud record of environmental compliance and continuous improvement. For example, LBA has already achieved Level 1 of the Airport Carbon Accreditation Scheme (ACAS), achieved in February 2020. ACAS is an independent carbon management and reduction scheme, specifically for airports and awarded by the Airport's Council International (ACI). LBA's ambition is to achieve Level 3+ (carbon neutrality) by 2023. A carbon roadmap has been developed in this regard to illustrate how this will be achieved over the next few years. Actions include investment in electric fleet/charging stations, renewable energy sources and offsetting any remaining residual emissions.

LBA continues to explore all opportunities for a circular economy, including plans to discourage and minimise the use of single use plastics in the terminal building. LBA has committed to establishing a sustainable supply chain strategy and will work with all airport partners, including concessions and airlines to phase out single use wastes.

Challenging water reduction targets are currently being developed and water consumption in other areas of the business are being reviewed to highlight where further efficiencies can be made to reduce clean water consumption.

Leadership and Governance

The Board of Directors

The corporate governance structure, strategy and policies are set by the Board of International Airport Bidco Limited. The directors ensure that when applying the structure, strategy and policies, they have due regard to their fiduciary duties and responsibilities.

The Board includes a good balance of executive directors and shareholder appointed non-executive directors with an independent Chair. The Board meets formally on a monthly basis, with additional meetings where required to consider specific business matters including meeting more regularly during the COVID-19 pandemic.

The independent Chair is responsible for the leadership of the Board and plays an important part in ensuring that it delivers on its accountabilities and that the diverse skills of individual Board members are used effectively.

Certain matters are reserved for decision by shareholders and others are reserved for the Board. Day-to-day management is delegated to the CEO who is supported by his Executive Team.

Strategic Report (Continued)

The Board of Directors (continued)

To support quality decision-taking, the Board receives, prior to each meeting on a timely basis, a comprehensive pack of reports and papers covering, as standard items, an update from the CEO and reports on finance, commercial, operations and HR and, when appropriate, an appraisal of strategic opportunities and corporate risks.

The Board has established Audit, Remuneration and ESG (Environmental, Social and Governance) committees each with specific delegated authorities, the membership and terms of reference for each of which is reviewed annually to ensure each committee is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval. Each committee has access to sufficient resources to carry out its duties and has due regard to all applicable laws, regulations and guidelines.

Audit Committee

The members of the Audit Committee are the non-executive directors, the Chair, CEO and CFO. The Chair of the Board is also the Chair of the Audit Committee. The internal and external auditors and any relevant employee are invited to attend meetings of the committee as appropriate and at least once a year the committee meets the external auditor without executive directors present. The Audit Committee meets at least twice a year.

The duties of the Audit Committee are to:

1. monitor the integrity of the financial statements and discuss issues arising from the final accounts and any matters the external auditor may wish to discuss;
2. review the findings of the audit of the annual accounts before submission to the Board focusing particularly on any changes in accounting policies and practice, major judgemental areas, significant adjustments resulting from the audit, the going concern assumption and compliance with financial reporting and accounting standards;
3. review the company's financial and accounting policies and practices and the system of internal control;
4. make recommendations to the Board on the appointment of external auditor, the audit fee and any questions regarding resignation or dismissal of the external auditor;
5. review from time to time the effectiveness of the external audit and the independence and objectivity of the external auditor, taking into account relevant UK professional standards;
6. review the external auditor's management letter and management's response;
7. make recommendations to the Board on the arrangements for internal audit;
8. review the internal audit plan, ensure co-ordination between the internal and external auditor, monitor and review the effectiveness of the internal audit function;
9. consider the material findings of internal audit reports and management's response; and
10. consider such other matters as may be requested by the Board.

Strategic Report (Continued)

Audit Committee (continued)

In the assessment of the draft 2019/2020 annual report and financial statements, given the continuing issues created by the COVID-19 pandemic, there was a continued robust focus upon the evidence supporting the ability of the company to release its financial statements on a going concern basis, the viability of the company and ensuring that the annual report was fair, balanced and understandable. The directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Remuneration Committee

The members of the Remuneration Committee are the non-executive directors and the Chair, with the CEO in attendance by invitation. The Chair of the Board is the Chair of the Committee. Neither the CEO nor the Chair are present when their own remuneration is discussed. The Remuneration Committee invites any relevant employee to attend its meetings and seeks such external advice as it considers appropriate. The committee meets at least twice a year.

The duties of the Remuneration Committee are to:

1. recommend to the Board on behalf of the company specific remuneration packages and conditions of employment (including pensions and any bonus payments) for the executive directors;
2. approve any contract of employment on behalf of the company with executive directors;
3. recommend the terms of any compensation in the event of early termination of contracts of any executive director;
4. consider any proposed changes to company pension schemes including specific cases relating to executive directors;
5. monitor and implement the management incentive scheme;
6. review the CEO's performance (through the Chair);
7. review any proposals for changes in the overall level of remuneration for staff generally, including for example, minimum pay deals and decisions relating to the levels of benefits offered to staff;
8. in respect of the appointment of the CEO and the Chair, review and note the decision made by shareholders and seek reassurance from shareholders that appropriate market procedures and conditions have been applied in the appointments; and
9. consider such other matters as may be requested by the Board.

Strategic Report (Continued)

Environmental, Social and Governance (ESG) Committee

The purpose of the ESG Committee is to assist the Board in defining the company's strategy relating to ESG (*Environmental (the company's impact on the natural environment, including land, air, water and ecosystems), Social (the company's interactions with employees, customers, local communities and stakeholders) and Governance (the ethical conduct of the company's business) matters.*

The members of the ESG Committee are the company's Operations Director, who is the Chair of the committee, the CEO, CCO, HR Director, CFO, Head of Planning Development and Environmental Manager. The ESG Committee invites any relevant employee to attend its meetings and seeks external advice as it considers appropriate. The committee meets at least once a year.

The duties of the ESG Committee are to:

1. provide direction for defining the company's ESG strategy, objectives and targets, and make recommendations for approval by the Board;
2. monitor and review the company's policies and procedures relating to ESG matters to ensure that they remain current, relevant, effective and compliant with all legal and regulatory requirements;
3. monitor and review current and emerging ESG trends;
4. monitor and review performance against targets set out in the [company's] Sustainability Action Plan;
5. monitor performance against the GRESB standards and ensure the company's ESG strategy remains in line with GRESB objectives;
6. identify and manage risk and/or opportunities related to ESG matters;
7. make recommendations to the Board on the funding and resourcing of ESG initiatives;
8. oversee how the company engages with its stakeholders on ESG matters and ensure appropriate communication policies are in place; and
9. review the company's ESG policy for approval by the Board.

By order of the Board



Hywel Rees
Director
29 September 2020

Directors' Report

The Directors present their report for the year ended 31 March 2020.

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 2020 the issued share capital of the Company comprises 14,999,999 Ordinary shares of £1 each and 1 Special Rights Preference Share of £1.

Losses, dividends and transfers to reserves

The Company's loss for the year, after taxation, was £16,201,000 (2019: loss £5,497,000 as restated) which has been transferred to reserves.

During the year the Company did not pay a dividend (2019: £nil) and the Directors do not propose dividends for the year.

Future Developments

The Directors anticipate that the 2020/21 financial year passenger numbers will be significantly impacted by the effects of the COVID-19 pandemic due to negligible passenger traffic until late June followed by a severely reduced summer flying programme and an expected prolonged period of recovery for the aviation industry as a whole. Whilst not possible to accurately forecast how events will unfold the Directors anticipate a materially adverse financial performance for the coming year.

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 2020.

The Company has applied FRS102 for its financial statements for the period ended 31 March 2020.

Directors' Report (Continued)

Going Concern

The company is a member of the group headed by International Airport Bidco Limited with all cash and funding historically managed centrally across the group. As the going concern of the Company is dependent on that of the wider group, it has been assessed at the group level. International Airport Bidco Limited has provided confirmation to the Directors of the company that these arrangements will continue for the foreseeable future. The Directors have had regard to these confirmations, as well as the overall going concern assessment in respect of the group headed by International Airport Bidco Limited.

Furthermore, 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".

It should be recognised that the Leeds Bradford Airport group of companies headed by International Airport Bidco Limited, along with the economy generally and the aviation industry specifically, faces significant challenges as a result of the COVID-19 pandemic. In common with all other businesses operating within the aviation sector, the future level of passenger activity is highly uncertain.

The Directors of the group responded quickly and decisively in relation to the COVID-19 crisis including taking the following actions:

- utilising strong relationships with supportive Lenders it has been possible to secure increased liquidity and agree an initial 12 month Covenant Waiver period to 31 March 2021;
- following a consultation period staff numbers have been reduced by 100 positions;
- significantly reduced operating costs;
- placed non essential staff on furlough, claiming appropriate costs under the Government Job Retention Scheme and utilising HMRC agreed PAYE deferral arrangements;
- curtailed all non essential capital expenditure;
- continue to seek access to further Government support measures available to businesses; and
- acted on Public Health England guidelines and implemented appropriate measures across the airport to establish a safe environment for staff working at and passengers transiting through the airport.

Directors' Report (Continued)

Going Concern (continued)

Having regard to the above actions, the Directors have established a COVID-19 base case financial forecast of group income, profitability and cash flow to which reasonable downside scenarios, mainly in respect of reductions in passenger numbers, for both FY21 and FY22 have been applied. These forecasts are predicated on the long-term approach under which all funds are managed centrally across the group of companies headed by International Airport Bidco Limited. These forecasts incorporate the Directors' best estimates of future passenger numbers and reflect the committed funding available to the group and the degree of expected compliance with Lender covenants and other conditions attaching to the group's funding facilities. The Directors maintain a strong relationship with the group's Lenders who have remained supportive throughout the COVID-19 trading environment as noted in the actions above, and this support is expected to continue in the event that passenger numbers fall short of levels expected in the financial forecasts.

The Directors recognise that the future performance of the group is highly dependent on the future level of passenger numbers, which is to a large extent outside the control of the Directors. In the event that the future level of passenger numbers is lower than anticipated, the Group may breach covenants and may also be required to seek additional funding. The Directors acknowledge that this factor represents a material uncertainty which may cast significant doubt over the ability of the group and therefore the ability of the Company to continue as a going concern and its ability to realise its assets and settle its liabilities in the ordinary course of business.

Notwithstanding, the Directors have considered all information available to them in the post COVID-19 environment in assessing the going concern position of the group, and subsidiary companies, including consideration of the financial forecasts outlined above, the supportive relationship of shareholders and the group's Lenders, as well as potential cashflow mitigations and upsides. On the basis of these considerations, the Directors have concluded that the group and therefore the company should have sufficient funds to meet liabilities as they fall due throughout the period of the forecasts. These financial statements have therefore been prepared on a going concern basis and do not include any adjustments that would result if the company was unable to continue as a going concern due to the circumstances described above.

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.

Directors' Report (Continued)

Directors' liability

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Company's Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report. During the year the Company had in force an indemnity provision in favour of one or more Directors of Leeds Bradford Airport Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

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 BDO LLP as auditor of the Company.

By order of the Board



Hywel Rees
Director
29 September 2020

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

Opinion

We have audited the financial statements of Leeds Bradford Airport Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to Note 1 to the financial statements, which indicates the directors' considerations over going concern including the potential impact of the COVID-19 pandemic on the Group, upon which the going concern of the Company is dependent. In the event that the future level of passengers are lower than anticipated, the Group may breach covenants and may also be required to seek additional funding. As stated in note 1, these events or conditions, along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this.

Independent auditor's report (continued)

to the members of Leeds Bradford Airport Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the report and financial statements, 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 this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

Independent auditor's report (continued)

to the members of Leeds Bradford Airport Limited

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

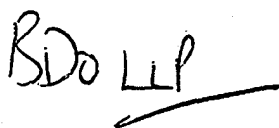
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report (continued)

to the members of Leeds Bradford Airport Limited

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.

A handwritten signature in black ink, appearing to read 'BDO LLP', with a horizontal line drawn underneath it.

Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK
29 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income

for the year ended 31 March 2020

	Notes	2020 £000	Restated 2019 £000
Turnover	2	36,873	36,384
Cost of sales		(2,069)	(2,423)
Gross Profit		34,804	33,961
Operating costs			
Staff costs	5	(9,697)	(9,253)
Depreciation and amortisation	8 & 9	(7,794)	(8,007)
Other operating charges		(13,717)	(12,751)
Exceptional operating charges	4	(1,054)	(2,730)
(Loss) / Profit on disposal of tangible fixed assets		(2,399)	7
Impairment of tangible fixed assets		(10,474)	-
		(45,135)	(32,734)
Operating profit		(10,331)	1,227
Exceptional costs	4	-	(515)
(Loss) / Profit on revaluation of investment property		(120)	185
Net loss on financial liabilities at fair value through profit and loss account		(2,017)	(1,500)
Interest receivable		271	77
Interest payable	6	(4,027)	(4,940)
		(5,893)	(6,686)
Loss on ordinary activities before taxation		(16,224)	(5,466)
Tax credit / (charge) on ordinary activities	7	23	(31)
Loss for the financial year		(16,201)	(5,497)
The loss arising in the year relates to continuing operations.			
Other comprehensive income			
Remeasurement (losses) / gains recognised in the pension scheme		(64)	(407)
Deferred tax charge		(2,003)	-
Total comprehensive loss for the financial year		(18,268)	(5,904)
Note of historical cost profits and losses		2020 £000	2019 £000
Reported loss on ordinary activities before taxation		(16,224)	(5,466)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount		2,615	2,799
Historical cost loss on ordinary activities before taxation		(13,609)	(2,667)
Historical loss for the year after taxation		(13,586)	(2,698)

The accompanying notes to the financial statements are an integral part of this primary statement.

Registered No: 2065958

Statement of financial position

at 31 March 2020

	Notes	2020 £000	Restated 2019 £000
Fixed assets			
Intangible	8	971	1,032
Tangible	9	194,029	204,727
Investments	10	1	1
		195,001	205,760
Current assets			
Stocks	11	252	280
Debtors:			
amounts falling due within one year	12	6,050	6,345
amounts falling due after more than one year	12	40,347	38,796
Cash at bank and in hand	13	16,244	13,685
		62,893	59,106
Creditors: amounts falling due within one year	14	(40,123)	(38,913)
Net current assets		22,770	20,193
Total assets less current liabilities		217,771	225,956
Creditors: amounts falling due after more than one year	15	(90,557)	(82,253)
Provisions for liabilities and charges	17	(19,001)	(17,022)
Net assets excluding pension liabilities		108,213	126,678
Pension liability	23	(992)	(1,189)
Net assets		107,221	125,489
Capital and reserves			
Called up share capital	18	15,000	15,000
Share premium account		477	477
Revaluation reserve	21	134,508	137,123
Non-distributable reserve		220	340
Capital Contribution	21	15,574	15,574
Profit and loss account	21	(58,558)	(43,025)
Shareholders' funds		107,221	125,489

The accompanying notes to the financial statements are an integral part of this primary statement.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 29 September 2020.


 Hywel Rees
 Chief Executive Officer
 29 September 2020

Statement of changes in equity

For the year ended 31 March 2020

	Called up share capital	Share premium account	Revaluation reserve	Restated Non- distributable reserve	Restated Capital Contribution	Restated Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
As at 1 April 2018 (as previously stated)	15,000	477	139,922	155	-	(37,921)	117,633
Prior year adjustment (note 26)	-	-	-	-	11,972	(1,814)	10,157
As at 1 April 2018 (restated)	15,000	477	139,922	155	11,972	(39,735)	127,791
Loss for the year 2019 (as restated)	-	-	-	185	-	(5,682)	(5,497)
Difference between historical cost depreciation charge and actual depreciation charge	-	-	(2,799)	-	-	2,799	-
Movement in capital contribution due to loan modification (as restated)	-	-	-	-	3,602	-	3,602
Other comprehensive loss	-	-	-	-	-	(407)	(407)
Total comprehensive (loss) / income for the year	-	-	(2,799)	185	3,602	(3,290)	(2,302)
At 31 March 2019 (restated)	15,000	477	137,123	340	15,574	(43,025)	125,489
Loss for the year	-	-	-	(120)	-	(16,081)	(16,201)
Difference between historical cost depreciation charge and actual depreciation charge	-	-	(2,615)	-	-	2,615	-
Other comprehensive loss	-	-	-	-	-	(2,067)	(2,067)
Total comprehensive loss for the year	-	-	(2,615)	(120)	-	(15,533)	(18,268)
At 31 March 2020	15,000	477	134,508	220	15,574	(58,558)	107,221

The amount included in revaluation reserve for 2020 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.

Notes to the financial statements

for the year ended 31 March 2020

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 2020.

Basis of preparation

The financial statements of Leeds Bradford Airport Limited were authorised for issue by the Board of Directors on 29 September 2020. 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.

Going Concern

The company is a member of the group headed by International Airport Bidco Limited with all cash and funding historically managed centrally across the group. As the going concern of the Company is dependent on that of the wider group, it has been assessed at the group level. International Airport Bidco Limited has provided confirmation to the Directors of the company that these arrangements will continue for the foreseeable future. The Directors have had regard to these confirmations, as well as the overall going concern assessment in respect of the group headed by International Airport Bidco Limited.

Furthermore, 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".

It should be recognised that the Leeds Bradford Airport group of companies headed by International Airport Bidco Limited, along with the economy generally and the aviation industry specifically, faces significant challenges as a result of the COVID-19 pandemic. In common with all other businesses operating within the aviation sector, the future level of passenger activity is highly uncertain.

The Directors of the group responded quickly and decisively in relation to the COVID-19 crisis including taking the following actions:

- utilising strong relationships with supportive Lenders it has been possible to secure increased liquidity and agree an initial 12 month Covenant Waiver period to 31 March 2021;
- following a consultation period staff numbers have been reduced by 100 positions;
- significantly reduced operating costs;
- placed non essential staff on furlough, claiming appropriate costs under the Government Job Retention Scheme and utilising HMRC agreed PAYE deferral arrangements;
- curtailed all non essential capital expenditure;
- continue to seek access to further Government support measures available to businesses; and

Notes to the financial statements

for the year ended 31 March 2020

1. Accounting policies (continued)

Going Concern (continued)

- acted on Public Health England guidelines and implemented appropriate measures across the airport to establish a safe environment for staff working at and passengers transiting through the airport.

Having regard to the above actions, the Directors have established a COVID-19 base case financial forecast of group income, profitability and cash flow to which reasonable downside scenarios, mainly in respect of reductions in passenger numbers, for both FY21 and FY22 have been applied. These forecasts are predicated on the long-term approach under which all funds are managed centrally across the group of companies headed by International Airport Bidco Limited. These forecasts incorporate the Directors' best estimates of future passenger numbers and reflect the committed funding available to the group and the degree of expected compliance with Lender covenants and other conditions attaching to the group's funding facilities. The Directors maintain a strong relationship with the group's Lenders who have remained supportive throughout the COVID-19 trading environment as noted in the actions above, and this support is expected to continue in the event that passenger numbers fall short of levels expected in the financial forecasts.

The Directors recognise that the future performance of the group is highly dependent on the future level of passenger numbers, which is to a large extent outside the control of the Directors. In the event that the future level of passenger numbers is lower than anticipated, the Group may breach covenants and may also be required to seek additional funding. The Directors acknowledge that this factor represents a material uncertainty which may cast significant doubt over the ability of the group and therefore the ability of the Company to continue as a going concern and its ability to realise its assets and settle its liabilities in the ordinary course of business.

Notwithstanding, the Directors have considered all information available to them in the post COVID-19 environment in assessing the going concern position of the group, and subsidiary companies, including consideration of the financial forecasts outlined above, the supportive relationship of shareholders and the group's Lenders, as well as potential cashflow mitigations and upsides. On the basis of these considerations, the Directors have concluded that the group and therefore the company should have sufficient funds to meet liabilities as they fall due throughout the period of the forecasts. These financial statements have therefore been prepared on a going concern basis and do not include any adjustments that would result if the company was unable to continue as a going concern due to the circumstances described above.

The Company is a wholly owned subsidiary of LBA Midco 2 Limited and is included in the consolidated financial statements of International Airport Bidco 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 AMP Capital Investors (European Infrastructure No 4) S.à.r.l..

Notes to the financial statements

for the year ended 31 March 2020

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.

- ***Impairment***

As a direct consequence of the COVID-19 pandemic there has been a decline in airport valuations generally. The Group has undertaken a valuation exercise of the airport and established that an impairment loss of £49,699,000 be recognised. In reaching this conclusion the impairment testing calculated the recoverable amount of the goodwill, intangible assets and property, plant and equipment assets comparing the carrying value to the calculated value in use. Key assumptions for these calculations are those regarding discount rates, expected changes to passenger and revenue recovery and growth rates, EBITDA margin and the level of capital expenditure to support trading.

Income, profitability and cash flow forecasts for FY21 and FY22 are in line with those used for going concern followed by a recovery period back to 2019 levels by FY24. A terminal year of FY51 has been adopted using detailed growth forecasts. A Weighted Average Cost of Capital (WACC) of 9% has been applied to the discount rate applied to cash flows. A number of market based cross checks have also been considered.

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.

Notes to the financial statements

for the year ended 31 March 2020

1. Accounting policies (continued)

Lease income

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

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 November 2017. 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	10 - 100 years
Plant, equipment & fittings	3 - 40 years
Vehicles	5 - 15 years

Notes to the financial statements

for the year ended 31 March 2020

1. Accounting policies (continued)

Property, plant and equipment (continued)

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. The impact of the COVID-19 pandemic was regarded by the directors as an impairment trigger. Consequently, an impairment review was performed at year end to assess the carrying value of the Group's assets and an impairment of tangible fixed assets has been recognised as a result as shown in note 9 of these accounts.

Investment properties

The Company holds some property for long-term investment. Investment properties are stated at a revalued amount based on an annual revaluation by Directors with a triennial external valuation. 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 2020

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 2020

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.

Interest bearing loans and borrowings

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.

Loans which are due after more than one year and which are non interest bearing are measured at the present value of the future cash receipts or payments discounted at a market rate of interest of a similar financial asset or financial liability.

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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs. The Group does not currently apply hedge accounting for interest rate derivatives.

2. Turnover

Turnover represents amounts receivable for services supplied to customers during the year net of applicable discounts, 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 2020

3. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Amortisation of intangible fixed assets	85	100
Amortisation of loan arrangement fees	119	498
Depreciation of tangible fixed assets	7,590	7,409
Impairment of tangible fixed assets	10,474	-
Loss / (profit) on disposal of tangible fixed assets	2,399	(7)
Auditor's remuneration	41	41
Operating lease rentals – plant and machinery	97	61

The remuneration paid to the auditors is further analysed as follows:

	2020 £000	2019 £000
Audit of the financial statements of the Company	41	41
Other non-audit services		
- taxation compliance services	11	-
- audit related assurance services	2	-
Total non-audit services	13	-
	<u>54</u>	<u>41</u>

4. Exceptional items

	2020 £000	2019 £000
Restructuring costs	(1,054)	(2,670)
Surface Access Strategy costs	-	(60)
Exceptional operating charges	<u>(1,054)</u>	<u>(2,730)</u>
Refinancing costs	-	(487)
Sale process costs	-	(28)
Exceptional items	<u>-</u>	<u>(515)</u>

The restructuring costs are in relation to a transformation exercise which began in the previous financial year and was completed in the current financial year.

Notes to the financial statements

for the year ended 31 March 2020

5. Directors' remuneration and benefits and staff costs

	2020 £000	2019 £000
Directors' remuneration	<u>1,642</u>	<u>3,189</u>

None of the Directors were accruing benefits under the defined benefit pension scheme during the year (2019: 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:

	2020 £000	2019 £000
Remuneration	<u>488</u>	<u>2,309</u>

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

	2020 £000	2019 £000
Wages and salaries	8,547	8,130
Social security costs	749	746
Other pension costs	401	377
	<u>9,697</u>	<u>9,253</u>

Included in other pension costs are £nil (2019: £nil) in respect of the defined benefit scheme, £350,794 (2019: £330,157) in respect of defined contribution schemes and £49,895 (2019: £46,918) in respect of life insurance.

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

	2020 No.	2019 No.
Administration	32	30
Emergency services	44	42
Air traffic control	33	33
Support services	106	107
	<u>215</u>	<u>212</u>

Notes to the financial statements

for the year ended 31 March 2020

6. Interest payable

	2020 £000	Restated 2019 £000
Bank loans	2,606	2,890
Defined benefit scheme interest cost	25	23
Loan from parent undertaking	1,377	2,027
Other	19	-
	<u>4,027</u>	<u>4,940</u>

7. Taxation

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

	2020 £000	2019 £000
<i>Current tax:</i>		
UK corporation tax at 19.00%	-	-
Total UK taxation	-	-
<i>Deferred tax:</i>		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	(23)	31
Total deferred tax credit / charge	<u>(23)</u>	<u>31</u>
Tax (credit) / charge on loss on ordinary activities	<u>(23)</u>	<u>31</u>

Notes to the financial statements

for the year ended 31 March 2020

7. Taxation (continued)

(b) Factors affecting the tax (credit) / charge for the year

The tax assessed for the year is lower (2019: higher) than would be expected by multiplying loss on ordinary activities by the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £000	Restated 2019 £000
Loss on ordinary activities before tax	<u>(16,224)</u>	<u>(5,466)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019: 19%)	(3,082)	(1,039)
Effects of:		
Fixed asset differences	1,549	-
Adjustment to brought forward values	(1)	(234)
Tax rate changes	-	-
Expenses not deductible for tax purposes	2,071	761
Income not taxable	-	(35)
Chargeable (losses) / gains	(23)	-
Other permanent differences	(1)	-
Amounts relating to other comprehensive income	(12)	-
Deferred tax not recognised	(51)	(100)
Deferred tax relating to other comprehensive income	(2,003)	-
Remeasurement of deferred tax for changes in tax rates	1,760	-
Group relief (claimed) / surrendered	(230)	66
Total tax (credit) / charge for the year	<u>(23)</u>	<u>31</u>

(c) Deferred tax

There is an unrecognised deferred tax asset of £3,382,000 (2019: £2,260,000 as restated) in relation to a combination of tax losses carried forward, 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.

Deferred tax which relates to other comprehensive income represents the change in the substantively enacted deferred tax rate from 17% to 19% applied to unrealised gains on the revaluation of tangible fixed assets.

Notes to the financial statements

for the year ended 31 March 2020

7. Taxation (continued)

(d) Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than falling to 17% as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to maintain the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements and deferred taxes have been measured at 19% (2019: 17%).

8. Intangible assets

	Intangible assets £000
Cost:	
At 1 April 2019	2,485
Reclassifications	24
Additions	20
Disposals	(81)
At 31 March 2020	2,448
Amortisation:	
At 1 April 2019	1,453
Provided during the year	85
Disposals	(61)
At 31 March 2020	1,477
Net book value:	
At 31 March 2020	971
At 31 March 2019	1,032

Notes to the financial statements

for the year ended 31 March 2020

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
<i>Cost or valuation:</i>							
At 1 April 2019	56,098	67,711	78,131	48,282	5,989	4,385	260,596
Reclassification	-	314	457	1,113	737	(2,648)	(27)
Additions at cost	-	529	5	612	214	8,647	10,007
Revaluation of investment property	-	(120)	-	-	-	-	(120)
Disposals	-	(247)	-	(596)	(118)	(1,803)	(2,764)
At 31 March 2020	<u>56,098</u>	<u>68,167</u>	<u>78,596</u>	<u>49,411</u>	<u>6,822</u>	<u>8,581</u>	<u>267,692</u>
<i>Depreciation:</i>							
At 1 April 2019	-	25,242	2,774	24,379	3,474	-	55,869
Reclassification	-	(1)	-	2	(2)	-	(1)
Charge for year	-	2,484	1,990	2,660	456	-	7,590
Impairment	3,448	2,488	4,538	-	-	-	10,474
Disposals	-	(10)	-	(183)	(77)	-	(270)
At 31 March 2020	<u>3,448</u>	<u>30,203</u>	<u>9,302</u>	<u>26,858</u>	<u>3,851</u>	<u>-</u>	<u>73,662</u>
<i>Net book value:</i>							
At 31 March 2020	<u>52,650</u>	<u>37,984</u>	<u>69,291</u>	<u>22,553</u>	<u>2,971</u>	<u>8,581</u>	<u>194,029</u>
At 31 March 2019	<u>56,098</u>	<u>42,469</u>	<u>75,357</u>	<u>23,903</u>	<u>2,515</u>	<u>4,385</u>	<u>204,727</u>

Details of the impairment review are disclosed within note 1 of these accounts.

Notes to the financial statements

for the year ended 31 March 2020

9. Tangible assets (continued)

Included within tangible assets are investment properties as follows:

	2020 £000	2019 £000
Land and buildings	<u>1,180</u>	<u>1,300</u>

The investment property has been subject to external valuation at 31 March 2020 on the basis of fair value by Cushman & Wakefield Limited. This valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standards which incorporate the International Valuation Standards and the RICS Valuation UK National Supplement edition current at the valuation date.

Historical cost

The table below represents the depreciation of assets based on their original cost and irrespective of any revaluation. The difference between historic cost depreciation and revaluation depreciation is shown at the foot of the Statement of comprehensive income.

	Freehold land	Freehold buildings	Runways, taxiways & aprons	Plant, equipment & fittings	Vehicles	Total
At 31 March 2019	5,284	60,219	26,210	46,536	6,605	144,854
Aggregate depreciation based on cost	-	31,841	18,360	35,048	3,802	89,051
At 31 March 2020	5,284	59,430	28,089	52,248	7,038	152,089
Aggregate depreciation based on cost	-	32,865	18,842	36,878	4,264	92,849

Notes to the financial statements

for the year ended 31 March 2020

10. Investments

Shares in subsidiary
undertakings
£000

Cost:

At 31 March 2019 and 31 March 2020

1

At the year end, the Company holds investments in 100% of the ordinary share capital of LBA Services Limited, which provides services to the Company, and Yorkshire International Airport Limited, 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

2020 2019
£000 £000

Raw materials and consumables 252 280

The difference between purchase price and the replacement cost of stock is not material. Stocks recognised as an expense in the period were £564,000 (2019 - £696,000) for the Company.

12. Debtors: amounts falling due within one year

2020 Restated
2019
£000 £000

Trade debtors	2,339	2,401
Prepayments and accrued income	618	882
Amounts owed by parent company	3,053	3,022
Amounts owed by subsidiary	40	40
	<u>6,050</u>	<u>6,345</u>

Amounts falling due after more than one year:

Amounts owed by parent company	40,347	38,796
	<u>46,397</u>	<u>45,141</u>

Amounts owed by the parent company due within one year carry interest at 0.5% above the cost of borrowing (current account rate), amounts due after more than one year carry interest at 4% and are repayable at the end of the term.

Notes to the financial statements

for the year ended 31 March 2020

13. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>16,244</u>	<u>13,685</u>

14. Creditors: amounts falling due within one year

	2020 £000	Restated 2019 £000
Trade creditors	3,542	1,469
Other tax and social security	525	583
Accruals and deferred income	9,488	15,242
Amounts owed to subsidiary	1,488	1,038
Amounts owed to parent company	22,000	20,582
Other creditors	80	-
Revolving credit facility	3,000	-
	<u>40,123</u>	<u>38,914</u>

The amount owed to the parent company carries interest at 0.5% above the cost of borrowing (either LIBOR plus bank margin or current account rate as applicable) and has no fixed repayment schedule.

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

	2020 £000	Restated 2019 £000
Amounts owed to parent company	17,940	16,563
Senior facility	65,000	65,000
Derivative financial instrument	3,517	1,500
Loan arrangement fees	(692)	(810)
Capital expenditure facility	4,792	-
	<u>90,557</u>	<u>82,253</u>

The amount owed to the parent is held under the amortised cost model and the effective rate of interest is 8.3%. It is repayable at the end of the term.

Notes to the financial statements

for the year ended 31 March 2020

16. Loans

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

	2020	Restated 2019
	£000	£000
Wholly repayable within 1 year	24,786	20,447
Wholly repayable within 10 years	90,557	82,253

The Company has access to a Capital Expenditure Facility (£15m) of which £4.792m is drawn down at the balance sheet date (2019: nil) and a Revolving Credit Facility (£3m) of which £3m is drawn down at the balance sheet date with a 6 month maturity (2019: nil).

Interest on the Senior Facilities is charged at LIBOR plus bank margin. The Company has put in place a 7 year interest rate swap in respect of 100% of the Senior Facility.

17. Provisions for liabilities and charges

	Deferred Tax £000
At 1 April 2019	17,022
Charge for the year	1,979
At 31 March 2020	19,001

18. Share capital

Authorised	2020 £	2019 £
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	 2020 £	 2019 £
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

Notes to the financial statements

for the year ended 31 March 2020

18. Share capital (continued)

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.

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 2020 the Company had entered into contracts for capital expenditure, provided for in these accounts, amounting to approximately £1,891,000 (2019 £2,631,000). There are further capital commitments of £3,198,000 for which the Company has not provided (2019: £416,000).

20. Other commitments

At 31 March 2020 the Company's commitments under operating leases for plant and machinery are as follows:

	2020 £000	2019 £000
<i>Amounts payable:</i>		
Within one year	92	61
Between one and five years	167	111
	<u> </u>	<u> </u>

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.

Notes to the financial statements

for the year ended 31 March 2020

21. Reserves (continued)

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.

Called up share capital reserve

This reserve represents the nominal value of the shares issued.

Capital Contribution

This reserve represents the difference between the nominal value of off-market loans from parent companies and the present value of the future payments due in respect of that financial liability.

Profit and Loss account

This represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Transactions with related parties

The Company is a wholly owned subsidiary of LBA Midco 2 Limited and is included in the consolidated financial statements of International Airport Bidco 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 International Airport Bidco Limited Group, or investees of the Group.

Notes to the financial statements

for the year ended 31 March 2020

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 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. The fourth tri-annual valuation of the Group's section of the FPP has been completed relating to the position as at 5 April 2019.

The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc* and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. However, as none of the plan members have any GMP benefits accrued within the plan, the ruling will have no impact on the plan's liabilities.

The major assumptions used by the actuary were:

	31 March 2020	31 March 2019	31 March 2018
Inflation rate (%)	2.5	3.1	3.0
Rate of increase in salaries (%)	2.5	3.1	3.0
Rate of increase in pensions in payment (%)	2.5	3.1	3.0
Discount rate applied to scheme liabilities (%)	2.3	2.4	2.6

The mortality assumptions adopted imply the following life expectancies:

	31 March 2020	31 March 2019	31 March 2018
Male retiring now at age 65	21.0	21.8	21.9
Female retiring now at age 65	23.3	23.7	23.8
Male retiring in 20 years at age 65	22.4	22.9	23.1
Female retiring in 20 years at age 65	24.8	25.0	25.0

Notes to the financial statements

for the year ended 31 March 2020

23. Pension costs (continued)

Fair value and expected return on assets

	Value at 31 March 2020 £000	Restated Value at 31 March 2019 £000	Restated Value as at 31 March 2018 £000
Equities (UK & Overseas)	4,602	4,782	4,606
Diversified Growth Funds	2,301	2,391	2,303
Government bonds	3,462	3,587	3,454
Cash	127	31	53
Total market value of assets	10,492	10,791	10,416
Present value of scheme liabilities	(11,484)	(11,980)	(11,461)
(Deficit) in the scheme	(992)	(1,189)	(1,045)
Defined benefit (liability) to be recognised	(992)	(1,189)	(1,045)

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

	£000
As at 1 April 2019 (as previously stated)	10,713
Prior year adjustment	1,267
As at 1 April 2019 (restated)	11,980
Expenses	120
Interest expense	279
Actuarial gain	(100)
Benefits paid	(795)
As at 31 March 2020	11,484

Notes to the financial statements

for the year ended 31 March 2020

23. Pension costs (continued)

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

	£000
As at 1 April 2019	10,791
Interest income	254
Contributions by the Company	406
Actuarial gains	(164)
Benefits paid	(795)
As at 31 March 2020	10,492

Analysis of amount charged to operating loss:

	2020	Restated 2019
	£000	£000
Expenses	120	112
Net interest cost	25	23
Net cost	145	135

Analysis of amount recognised in other comprehensive income:

	2020	Restated 2019
	£000	£000
Actual return on pension scheme assets (excluding amounts included in net interest cost) – (loss) / gain	(164)	260
Experience gains and losses arising on the plan liabilities – (loss) / gain	(65)	66
Effects of changes in assumptions underlying the present value of the scheme liabilities – gain / (loss)	165	(733)
Remeasurement (loss) recognised in Other Comprehensive Income	(64)	(407)

Notes to the financial statements

for the year ended 31 March 2020

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 2020 is £338,000. In addition the Company will pay additional amounts into the scheme to cover ill-health early retirement enhancements.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £350,794 (2019: £330,157). Contributions totalling £72,271 (2019: £49,177) were payable to the fund at the reporting date and are included in creditors.

25. Financial Instruments

	2020	Restated 2019
	£000	£000
Cash	16,244	13,685
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	2,339	2,401
Other debtors	43,440	41,858
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	3,542	1,469
Other creditors	41,428	38,183
Bank loans	72,100	64,190
<i>Financial liabilities at fair value through profit or loss</i>		
Derivative financial instrument	3,517	1,500

Notes to the financial statements

for the year ended 31 March 2020

26. Prior Year Adjustment

The Company has made the following adjustments to correct errors arising in prior periods:

(a) The Company has identified that direct cost of sales had been netted against revenue rather than being shown gross on the statement of comprehensive income. The impact of this has been to increase turnover by £2,423,000 and show a cost of sale of £2,423,000, which has no net prior year impact.

(b) Management were notified by the actuary that as part of the most recent triennial review they had identified that there had been an error in the cash commutation assumption since 2013, which meant that the pension scheme liabilities had been understated. The pension scheme had previously been stated as being in an unrecognised surplus position. The impact of this has been as follows:

- opening pension liability on 1 April 2018 now £1,045,000 (previously nil);
- net interest cost in the year ending 31 March 19 of £23,000 (previously nil);
- re-measurement loss in the year ending 31 March 19 increased by £121,000 to £407,000 (previously £286,000).

This has resulted in a £1,045,000 adjustment to opening reserves at 1 April 2018 and a closing liability adjustment of £1,189,000 at 31 March 2019.

(c) The Company has identified that certain intercompany loan balances totalling £20,372,000 had incorrectly been classified as a non-current liabilities. The loans are repayable on demand and should therefore be classed as a current liabilities.

(d) The Company has identified that certain intercompany debtor balances totalling £3,023,000 had incorrectly been classified as long term debtors. The loans are repayable on demand and should there be classified as a current debtors.

(e) The Company has identified that interest had been incorrectly calculated on certain intercompany loan balances. The impact of this has been as follows:

- closing creditor balance at 31 March 2019 on loan from LBIA Holding Ltd increased to £20,447,000 (previously £20,372,000);
- opening debtor balance at 1 April 2018 on loan to LBIA Holding Ltd reduced to £37,304,000 (previously £37,632,000);
- closing debtor balance at 31 March 2019 on loan from LBIA Holding Ltd reduced to £38,796,000 (previously £39,379,000);
- reduction of £329,000 in net interest receivable for the year ended March 2019.

This has resulted in a £329,000 adjustment to opening reserves at 1 April 2018 and a closing reserves adjustment of £658,000 at 31 March 2019.

Notes to the financial statements

for the year ended 31 March 2020

26. Prior Year Adjustment (continued)

(f) The company has identified that certain intercompany loan balances had been incorrectly accounted for under the amortised cost model and therefore modifications to the loans including change in interest rate and repayment terms were not appropriately accounted for at the point in time which they occurred. The correct accounting treatment is to recognise a modification adjustment to reflect the changes in the contractual terms of the loan. Prior year adjustments have been made to account for each modification which has occurred. The impact of this is as follows:

- the opening creditor balance at 1 April 2018 has reduced to £26,139,000;
- the opening capital contribution at 1 April 2018 has increased to £11,972,000;
- opening equity at 1 April 2018 has reduced by £440,000 due to interest payable on the loan;
- a subsequent modification in the year ended 31 March 2019 resulted in an increase in the capital contribution of £3,602,000 to £15,574,000;
- interest payable in the year ended 31 March 2019 increased by £2,027,000;
- the closing creditor balance at 31 March 2019 has reduced to £16,563,000 as a result of the interest due and the modification in the year.

The overall impact of the prior year adjustments is summarised below:

	a	b	e	f	Total
	£000	£000	£000	£000	£000
Statement of Comprehensive Income – Year ended March 2019					
Turnover	2,423	-	-	-	2,423
Cost of Sale	(2,423)	-	-	-	(2,423)
Interest payable	-	(23)	-	(2,027)	(2,050)
Interest receivable	-	-	(329)	-	(329)
Remeasurement losses recognised in the pension scheme	-	(121)	-	-	(121)
Total	-	(144)	(329)	(2,027)	(2,500)

Notes to the financial statements

for the year ended 31 March 2020

26. Prior Year Adjustment (continued)

	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	Total
	£000	£000	£000	£000	£000	£000
Balance Sheet as at 31 March 2019						
Debtors: amounts falling due within one year	-	-	3,023	-	-	3,023
Debtors: amounts falling due after more than one year	-	-	(3,023)	(583)	-	(3,606)
Creditors: amounts falling due within one year	-	(20,372)	-	(75)	-	(20,447)
Creditors: amounts falling due after more than one year	-	20,372	-	-	13,107	33,479
Pension liability	(1,189)	-	-	-	-	(1,189)
Net assets	(1,189)	-	-	(658)	13,107	11,260
Capital Contribution	-	-	-	-	15,574	15,574

Equity

	Item	Total £000
As at 1 April 2018 (as previously stated)		117,633
Prior year adjustment	b	(1,045)
Prior year adjustment	e	(329)
Prior year adjustment	f	11,532
As restated		127,791
As at 31 March 2019 (as previously stated)		114,229
Prior year adjustment	b	(1,189)
Prior year adjustment	e	(658)
Prior year adjustment	f	13,107
As restated		125,489

27. Parent undertaking and controlling party

The Company's ultimate parent undertaking is International Airport Bidco Limited, a company registered in England. Its Group financial statements are available on application to the Company Secretary, Whitehouse Lane, Leeds, LS19 7TU. The Company's ultimate controlling party is AMP Capital Investors (European Infrastructure No 4) S.à.r.l., a company incorporated in Luxembourg. A copy of the financial statements can be obtained from 14 Rue Edward Steichen, 2540 Luxembourg.