Registered No: 2065958

Leeds Bradford Airport Limited

Report and Financial Statements

For the year ended 31 March 2021

Registered No: 2065958

Directors
JR Wild (Resigned 14/8/2020)
HG Rees (Resigned 31/01/2021)
AJ Petrie
DR Rees
GP Ferguson
D Ives
VJ Hodder (Appointed 01/02/2021)
AW Tong (Appointed 01/07/2021)

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

Registered No: 2065958

CONTENTS **Page**

Strategic Report

The Directors present their strategic report for the year ended 31 March 2021.

Principal Activity

The Company's principal activity as at 31 March 2021 is that of running a passenger airport.

Key Financial Indicators

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

	2021 £'000	2020 £'000	**Change %**
Passenger numbers	**299**	3,833	(92.2%)
Turnover	**5,269**	36,873	(85.7%)

Review of the business

Passengers, routes and services

Leeds Bradford Airport Limited (LBA) entered the year against the backdrop of the emergence of the Coronavirus Pandemic (COVID-19) and the cessation of all flying. COVID-19 has had a devastating impact on the aviation sector with UK passenger volumes over the year ended 31 March 2021 down by 90% year on year, and were 95% to 100% lower at the height of the pandemic. LBA has suffered from the impact of the pandemic in line with the whole industry with passenger volumes for 2020/21 reduced to 299,000, 92% below 2019/20.

LBA has strong relationships with its incumbent airline partners. Jet2.com was still the largest airline operating at LBA in 2020/21, accounting for 53% (2019/20: 54%) of total passengers, with Ryanair the second largest at 36% (2019/20: 30%). These two airlines combined, therefore accounted for 89% of passengers in the year, 5% higher than 2019/20. This increase reflects the cessation in the prior year of Flybe services after they entered administration, and the fact that some smaller airline partners flew limited schedules after the first lockdown or didn't fly at all. KLM, Eastern and Aer Lingus all remained key airlines and flew passengers in the year. TUI, Aurigny and Balkan Holidays also continue to be key airlines, but did not fly from LBA in the year due to the COVID-19 impact on travel.

Turnover

This significant decrease in passenger numbers resulted in a reduction in turnover of 86% to £5,269,000. Turnover from aeronautical activities was 97% lower and turnover from commercial activities, including car parking and retail concessions was 83% lower than 2019/20. Turnover from commercial activities includes some income streams not directly linked to passenger volumes, such as property, which were less impacted by the reduction in passenger volumes.

Strategic Report (Continued)

Investments

Once it became clear that COVID-19 was going to have such a significant impact on passenger volumes, management took actions to defer any projects that didn't need to take place in the year. As a result, capital expenditure in the year was reduced by 63% to £3,671,000, with investment restricted to completion of in-flight projects and other critical works.

Planning and capacity development

Consent for a replacement terminal building at the eastern end of the airfield is pending a decision from the Secretary of State (SoS) for Housing, Communities & Local Government. Whilst the application was approved at a local level in March 2021, it is currently with the SoS on whether to 'call-in' the application.

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 2021 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 was charged at LIBOR plus bank margin in the year. The Group had put in place a 7 year interest rate swap in respect of 100% of the Senior Facility. Post year-end, the Senior Facilities were transitioned to SONIA plus bank margin and the interest rate swap was updated in line with this, covering the remainder of the 7 year term and continuing to hedge 100% of the Senior Facility.

Due to the impacts of the COVID-19 pandemic, the Group reached agreement with lenders to modify existing facilities thereby providing additional liquidity and also a Covenant Waiver period to 31 March 2021. Post year end, due to the continued impact of COVID-19 on liquidity, the Group reached further agreement with lenders to extend this Covenant Waiver period to 31 March 2022. The Group also improved its liquidity position through a combination of a Coronavirus Business Interruption Loan and a shareholder equity injection. The shareholder has also provided a further equity commitment to further support the liquidity position of the Group.

***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 such as the Local Resilience Forum, Public Health England and West Yorkshire Police to ensure that all external threats are effectively mitigated. The police continue 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 next 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, clean water supply and air quality and has held the ISO 14001 environmental management standard since 2005.

Strategic Report (Continued)

Maintenance of mandatory certification

The Company is certified to operate under Regulation (EU) No. 139/2014 as retained (and amended in UK domestic law) under the European Union (Withdrawal) Act 2018. 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.

Streamlined Energy and Carbon Reporting (SECR)

			Current Reporting Year 2020-21			Comparison Reporting Year 2019-20		
	Activity	**Fuel**	**Unit**	**CO_2e (kg)**	**CO_2e (tonnes)**	Unit	CO_2e (kg)	CO_2e (tonnes)
Scope 1	Gas Consumption	Natural Gas	**3,647,522 (Kwh)**	**670,670**	**671**	4,040,460 (Kwh)	742,869	743
	Fleet Vehicles	Diesel	**8,634 (litres)**	**21,982**	**22**	72,119 (litres)	186,384	186
		Gas Oil / Red Diesel	**48,475 (litres)**	**133,682**	**134**	66,355 (litres)	183,015	183
		Petrol	**852 (litres)**	**1,847**	**1.84**	140 (litres)	304	0.30
	Back-up generators	Gas Oil	**0**	**0**	**0**	9,735 (litres)	26,851	27
	Fire Training	Diesel	**500 (litres)**	**1,273**	**1.27**	500 (litres)	1,297	1.29
	Total SCOPE 1			**829,454**	**830**		1,140,720	1,141
Scope 2	Purchased Electricity (location based)	Electricity	**4,736,014 (kwh)**	**1,104,154**	**1,104**	6,434,790 (kwh)	1,608,131	1,608
	Total SCOPE 2			**1,104,154**	**1,104**		1,608,131	1,608
Scope 3	Staff Business Travel	Diesel / Petrol	**1,109 (miles)**	**353**	**0.35**	12,814 (miles)	3,494	3
	Total SCOPE 3			**353**	**0.35**		3,494	3
	Total Gross CO_2e			**1,933,961**	**1,934**		2,752,345	2,752

***Strategic Report** (Continued)*

Streamlined Energy and Carbon Reporting (SECR) (Continued)

	2020-21	2019-20
*Intensity Ratio	**6.47** kg CO_2e	0.72 kg CO_2e
(kg CO_2e per airport passenger)	(total passengers 299,031)	(total passengers 3,832,805)

**The intensity ratio of kg CO_2e per passenger is a standard key performance indicator for the airport industry. Total passengers during the reporting period = 299,031*

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.

Energy Efficient Measures

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

- Airfield signage light boxes have been upgraded from the existing fluorescent strip lighting to LEDs.
- Upgrades have also taken place within the terminal to upgrade the existing lighting with LED's and motion sensors.

In addition to the above, LBA are working towards Level 2 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).

***Strategic Report** (Continued)*

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. These decisions and actions are set out in the going concern statement within the Directors' report on page 17.

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, trade unions, airline and commercial business partners, passengers, government agencies and, of course, the environment beyond the region in which LBA is situated.

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.

Strategic Report *(Continued)*

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

Specific stakeholder engagement takes place in the following manner:

Employees

The COVID-19 pandemic brought many changes to the Airport, not just in employee numbers, but the way we managed our teams throughout this period. As many of our team were on full furlough for a significant period of time during 2020/21, the airport put in place weekly conference calls with our CEO, which enabled employees to hear a weekly update on passenger numbers, consultation processes and general operation/business updates. We also created a direct email to enable employees to submit questions, which were then answered by the CEO on the next weekly conference call. LBA continued to issue monthly staff newsletters which not only provided updates on the business but acknowledged individuals on their performance and contribution to the airport during a difficult period. As the airport starts to remobilise in 2021, the Executive Team is keen to increase engagement levels with all employees and therefore an employee satisfaction benchmark will take place in 2021. To enable this LBA has engaged with a third party, over a 3 year period, to carry out annual and pulse surveys to monitor/track employee pride and engagement.

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.

Like most airports, LBA also hosts a quarterly meeting of its Airport Consultative Committee, which is composed of local community groups 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.

Trade Unions

LBA continues to sustain strong relationships with the trade unions throughout the pandemic. This is extremely important for all parties, particularly during periods of consultation and monthly calls were put in place in 2020, which have continued into 2021.

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. This includes measures to help prevent the spread of Covid-19.

Strategic Report (Continued)

Passengers

Passengers have a variety of 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

Consultations with local and national government agencies also takes place. LBA consults regularly with local government, local economic development agencies, Members of Parliament, city councillors and others on a broad range of issues including the future development of the airport, the sustainability of the airports operation and surface access connectivity amongst other matters.

The Environment

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) and is currently working towards Level 2. 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 the highest level of accreditation, Level 4+ (Transition). Actions in working towards achieving this will include investment in electric fleet/charging stations, renewable energy sources, increase in sustainable travel to/from the airport and working with our airport partners for wider airport carbon reduction.

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 is committed to working with all airport partners, including concessions and airlines to phase out single use wastes. A free to use drinking water fountain has been installed within the terminal to allow passengers to bring their own reusable cups.

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.

To support quality decision-making, 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 was also the Chair of the Audit Committee during the year. Post year end, David Rees (Non-executive director) was appointed as Chair of the Audit Committee. The 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.

Strategic Report *(Continued)*

Audit Committee (continued)

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 the application and appropriateness of significant accounting policies, any changes in significant accounting policies, major judgemental areas, significant adjustments resulting from the external audit, the assumptions or qualifications in support of the going concern statement and compliance with financial reporting and accounting standards;
3. review the company's financial and accounting policies and practices;
4. review first any statements that contain financial information and require board approval, if carrying out a review before board approval would be practicable;
5. review and monitor the effectiveness of the company's risk management systems and processes and, on an annual basis, ensure that a robust assessment of the emerging and principal risks facing the company has been undertaken, that procedures are in place to identify emerging risks and provide advice on the management and mitigation of those risks;
6. review the methodology for reporting risks to the Board, including both quantitative and qualitative measures;
7. review the company's internal financial controls and, at least annually, carry out a review of their effectiveness;
8. 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;
9. 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;
10. oversee the relationship with the external auditor and negotiate and agree their terms of engagement;
11. review, before its consideration by the board, the external auditor's report to the directors and their management letter and management's response to the auditor's findings and recommendations;
12. at the end of the audit cycle, assess the effectiveness of the audit process;
13. review the effectiveness of the company's systems and controls for ethical behaviour and the prevention of bribery, corruption, the facilitation of tax evasion and modern slavery and any other systems and controls for compliance with applicable laws and regulations, and assess the effectiveness of such systems and controls;
14. review the adequacy of the company's insurance coverage;
15. review its terms of reference and effectiveness annually; and
16. consider such other matters as may be requested by the Board.

Strategic Report *(Continued)*

Audit Committee *(continued)*

In the assessment of the draft 2020/2021 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 was also the Chair of the Remuneration Committee during the year. Post year end, David Rees (Non-executive director) was appointed as Chair of the Remuneration Committee. 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 specific remuneration packages and conditions of employment (including pensions and any bonus payments) for the executive directors and Chair of the Board;
2. make recommendations to the Board that are designed to ensure that remuneration policies and practices support strategy and promote long-term sustainable success. In particular, to ensure that executive remuneration is aligned to the company's values and clearly linked to successful delivery of the company's long-term strategy and supports alignment with long-term shareholder interests;
3. approve any contract of employment with executive directors;
4. recommend the terms of any compensation in the event of early termination of contracts of an executive director;
5. consider any proposed changes to company pension schemes including specific cases relating to executive directors;
6. monitor and implement the management incentive scheme;
7. review the CEO's performance (through the Chair);
8. review staff remuneration and related policies and the alignment of incentives and rewards with culture;
9. 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;

Strategic Report *(Continued)*

Remuneration Committee *(continued)*

10. agree the policy for authorising claims for expenses from the directors;
11. establish the selection criteria, selecting, appointing and setting the terms of reference for any consultants who advise the Committee;
12. obtain such legal or other professional advice as it deems necessary to fulfil its responsibilities;
13. obtain reliable, up to date information about remuneration in other companies; and
14. consider such other matters as may be requested by the Board.

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, CFO, HR Director, 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. agree suitable targets and monitor and review performance against those targets;
5. monitor and review 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;

***Strategic Report** (Continued)*

***Environmental, Social and Governance (ESG) Committee** (Continued)*

9. review and recommend the company's ESG policy for approval by the Board;
10. obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities; and
11. consider such other matters as may be requested by the Board

By order of the Board

Vincent Hodder

Vincent Hodder
Director
14 September 2021

Directors' Report

The Directors present their report for the year ended 31 March 2021.

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 2021 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 £19,245,000 (2020: loss £16,201,000) which has been transferred to reserves.

During the year the Company did not pay a dividend (2020: £nil) and the Directors do not propose dividends for the year.

Future Developments

The Directors anticipate that the 2021/22 financial year passenger numbers will continue to be significantly impacted by the effects of the COVID-19 pandemic due to negligible passenger traffic until late June followed by a 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, relative to pre COVID-19 performance.

Accounting standards and policies

This Annual Report complies with all accounting standards issued by the Financial Reporting Council (FRC) as applicable to the financial statements at 31 March 2021.

The Company has applied FRS102 for its financial statements for the period ended 31 March 2021.

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.

Directors' Report (Continued)

Going Concern (continued)

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, and have continued to act swiftly as the situation has evolved, including taking the following actions:

- utilising strong relationships with supportive Lenders it has been possible to secure increased liquidity, including a Coronavirus Business Interruption Loan, and agree an initial 12 month Covenant Waiver period to 31 March 2021, with a further extension to 31 March 2022;
- securing additional shareholder funding to increase liquidity, including an equity injection and commitment for a further injection should this be required;
- following a consultation period staff numbers have been reduced by 179 positions;
- significantly reduced operating costs;
- curtailed all non-essential capital expenditure;
- placed non-essential staff on furlough, claiming appropriate costs of £2.8m under the Government Job Retention Scheme and utilising HMRC agreed PAYE deferral arrangements;
- making a successful insurance claim for £2.5m under the Group's Business Interruption Policy;
- obtaining a grant for £1.5m for business rates under the Government's Airport and Ground Operations Support Scheme (AGOSS);
- continuing to seek access to further Government support measures available to businesses; and
- acting on Public Health England guidelines and implementing 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, management have prepared forecasts of group income, profitability and cash flow to understand the financial and operational requirements of the business as it recovers from the impact of COVID-19. The Directors have reviewed these forecasts and specifically those covering a period of at least 12 months from the date of approval of the financial statements to consider whether the company will have sufficient liquidity to meet its liabilities during the period and comply with the minimum liquidity requirement tests required by the Lenders during the Covenant

Directors' Report *(Continued)*

Going Concern *(continued)*

Waiver period. Further, compliance with the group's financial covenants, upon expiry of the Covenant Waiver period has been considered.

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 cash flow 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)

Employee involvement and employment of disabled persons (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

Vincent Hodder

Vincent Hodder
Director
14 September 2021

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 on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 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.

We have audited the financial statements of Leeds Bradford Airport Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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.

Independent auditor's report (continued)

to the members of Leeds Bradford Airport Limited

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

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

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.

DocuSigned by:

Paul Davies

D44FEAE45B2A4E7...

Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
UK

15 September 2021

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 2021

	Notes	2021 £000	2020 £000
Turnover	2	**5,269**	36,873
Cost of sales	.	**(628)**	(2,069)
Gross Profit		**4,641**	34,804
Operating costs			
Staff costs	5	**(9,222)**	(9,697)
Depreciation and amortisation	9 & 10	**(7,304)**	(7,794)
Other operating charges		**(10,196)**	(13,717)
Exceptional operating income	4	**5,533**	-
Exceptional operating charges	4	**(917)**	(1,054)
Loss on disposal of tangible fixed assets	10	**(517)**	(2,399)
Impairment of tangible fixed assets	1	**(1,293)**	(10,474)
		(23,916)	(45,135)
Operating loss	3	**(19,275)**	(10,331)
Loss on revaluation of investment property		**(22)**	(120)
Net profit / (loss) on financial liabilities at fair value through profit and loss account		**848**	(2,017)
Interest receivable	6	**334**	271
Interest payable	7	**(4,476)**	(4,027)
		(3,316)	(5,893)
Loss on ordinary activities before taxation		**(22,591)**	(16,224)
Tax credit / (charge) on ordinary activities	8	**3,346**	23
Loss for the financial year		**(19,245)**	(16,201)

The loss arising in the year relates to continuing operations.

Other comprehensive income		
Remeasurement losses recognised in the pension scheme	**(971)**	(64)
Deferred tax charge	**-**	(2,003)
Total comprehensive loss for the financial year	**(20,216)**	(18,268)

Note of historical cost profits and losses	**2021** ***£000***	2020 *£000*
Reported loss on ordinary activities before taxation	**(22,591)**	(16,224)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	**1,815**	2,615
Historical cost loss on ordinary activities before taxation	**(20,776)**	(13,609)
Historical loss for the year after taxation	**(20,776)**	(13,586)

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 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Intangible	9	**888**	971
Tangible	10	**188,766**	194,029
Investments	11	**1**	1
		189,655	195,001
Current assets			
Stocks	12	**263**	252
Debtors:			
amounts falling due within one year	13	**6,223**	6,050
amounts falling due after more than one year	13	**41,978**	40,347
Cash at bank and in hand	14	**3,979**	16,244
		52,443	62,893
Creditors: amounts falling due within one year	15	**(36,930)**	(40,123)
Net current assets		**15,513**	22,770
Total assets less current liabilities		**205,168**	217,771
Creditors: amounts falling due after more than one year	16	**(100,782)**	(90,557)
Provisions for liabilities and charges	18	**(15,655)**	(19,001)
Net assets excluding pension liabilities		**88,731**	108,213
Pension liability	24	**(1,726)**	(992)
Net assets		**87,005**	107,221
Capital and reserves			
Called up share capital	19	**15,000**	15,000
Share premium account	22	**477**	477
Revaluation reserve	22	**132,693**	134,508
Non-distributable reserve	22	**198**	220
Capital Contribution	22	**15,574**	15,574
Profit and loss account	22	**(76,937)**	(58,558)
Shareholders' funds		**87,005**	107,221

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 14 September 2021.

Vincent Hodder
Chief Executive Officer
14 September 2021

Alexander Tong
Chief Financial Officer
14 September 2021

Statement of changes in equity

for the year ended 31 March 2021

	Called up share capital	Share premium account	Revaluation reserve	Non-distributable reserve	Capital Contribution	Profit and loss account	**Total equity**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	***£000***
As at 1 April 2019	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**
Loss for the year	-	-	-	(22)	-	(19,223)	**(19,245)**
Difference between historical cost depreciation charge and actual depreciation charge	-	-	(1,815)	-	-	1,815	-
Other comprehensive loss	-	-	-	-	-	(971)	**(971)**
Total comprehensive loss for the year	-	-	(1,815)	(22)	-	(18,379)	**(20,216)**
At 31 March 2021	**15,000**	**477**	**132,693**	**198**	**15,574**	**(76,937)**	**87,005**

The amount included in revaluation reserve for 2021 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 2021

1. Accounting policies

Statement of compliance

Leeds Bradford Airport Limited is a limited liability company incorporated in England and Wales. The Registered Office is Whitehouse Lane, 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 2021.

Basis of preparation

The financial statements of Leeds Bradford Airport Limited were authorised for issue by the Board of Directors on 14 September 2021. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £000.

The 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; and
- 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..

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 concem 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.

Notes to the financial statements

for the year ended 31 March 2021

1. Accounting policies (continued)

Going Concern (continued)

The Directors of the group responded quickly and decisively in relation to the COVID-19 crisis, and have continued to act swiftly as the situation has evolved, including taking the following actions:

- utilising strong relationships with supportive Lenders it has been possible to secure increased liquidity, including a Coronavirus Business Interruption Loan, and agree an initial 12 month Covenant Waiver period to 31 March 2021, with a further extension to 31 March 2022;
- securing additional shareholder funding to increase liquidity, including an equity injection and commitment for a further injection should this be required;
- following a consultation period staff numbers have been reduced by 179 positions;
- significantly reduced operating costs;
- curtailed all non-essential capital expenditure;
- placed non-essential staff on furlough, claiming appropriate costs of £2,818,000 under the Government Job Retention Scheme and utilising HMRC agreed PAYE deferral arrangements;
- making a successful insurance claim for £2,500,000 under the Group's Business Interruption Policy;
- obtaining a grant for £1,498,000 for business rates under the Government's Airport and Ground Operations Support Scheme (AGOSS);
- continuing to seek access to further Government support measures available to businesses; and
- acting on Public Health England guidelines and implementing 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, management have prepared forecasts of group income, profitability and cash flow to understand the financial and operational requirements of the business as it recovers from the impact of COVID-19. The Directors have reviewed these forecasts and specifically those covering a period of at least 12 months from the date of approval of the financial statements to consider whether the company will have sufficient liquidity to meet its liabilities during the period and comply with the minimum liquidity requirement tests required by the Lenders during the Covenant Waiver period. Further, compliance with the group's financial covenants, upon expiry of the Covenant Waiver period has been considered.

Notes to the financial statements

for the year ended 31 March 2021

1. Accounting policies (continued)

Going Concern (continued)

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 cash flow 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

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.

Notes to the financial statements

for the year ended 31 March 2021

1. **Accounting policies** (continued)

Judgements and key sources of estimation uncertainty (continued)

- ***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 publicly 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 24.

- ***Impairment***

  As a direct consequence of the COVID-19 pandemic there has been a decline in airport valuations generally. In the prior year, the Group undertook 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. The exercise resulted in an impairment of £10,474,000 of tangible fixed assets in the company. 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.

  This exercise has been updated in the current year and it has been concluded that no further impairment is required. Income, profitability and cash flow forecasts for FY22 and FY23 are materially in line with those used for going concern followed by a recovery period back to 2019 levels by FY24. A terminal year of FY30 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.

  In the current year, an impairment of £1,293,000 has been recognised against specific assets which are no longer utilised and for which the fair value less costs to sell is estimated to be £nil.

Notes to the financial statements

for the year ended 31 March 2021

1. Accounting policies (continued)

Revenue recognition

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

Lease Income

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

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.

Tangible fixed assets

Tangible fixed assets 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.

Notes to the financial statements

for the year ended 31 March 2021

1. **Accounting policies** (continued)

***Tangible fixed assets** (continued)*

Freehold buildings	20 - 40 years
Runways, taxiways & aprons	10 - 100 years
Plant, equipment & fittings	3 - 40 years
Vehicles	5 - 15 years

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. In the prior year, an impairment of tangible fixed assets was identified. In the current year, the ongoing 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. In the current year, an impairment of £1,293,000 has been recognised against specific assets which are no longer utilised and for which the fair value less costs to sell is estimated to be £nil.

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.

Notes to the financial statements

for the year ended 31 March 2021

1. **Accounting policies** (continued)

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.

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 income 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.

Notes to the financial statements

for the year ended 31 March 2021

1. **Accounting policies** (continued)

***Pensions** (continued)*

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.

Exceptional operating income and charges

The Company presents as exceptional operating income and 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.

Government Grant Accounting

Grants of a revenue nature are recognised in "Exceptional Operating Income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ("Furlough") and the Airport and Ground Operators Support Scheme ("AGOSS").

The Company has not directly benefitted from any other forms of government assistance.

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.

Notes to the financial statements

for the year ended 31 March 2021

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.

3. Operating loss

The operating loss is stated after charging:

	2021	2020
	£000	*£000*
Amortisation of intangible fixed assets	**83**	85
Amortisation of loan arrangement fees	**119**	119
Depreciation of tangible fixed assets	**7,102**	7,590
Impairment of tangible fixed assets	**1,293**	10,474
Loss on disposal of tangible fixed assets	**517**	2,399
Auditor's remuneration	**59**	54
Operating lease rentals – plant and machinery	**105**	97

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

	2021	2020
	£000	*£000*
Audit of the financial statements of the Company	**46**	41
Other non-audit services		
- taxation compliance services	**11**	11
- audit related assurance services	**2**	2
Total non-audit services	**13**	13
	59	54

Notes to the financial statements

for the year ended 31 March 2021

4. Exceptional items

	2021	2020
	£000	£000
Business Interruption Insurance claim proceeds	**2,500**	-
Government Job Retention Scheme grants	**1,535**	-
Airport and Ground Operators Support Scheme grant	**1,498**	-
Exceptional operating income	**5,533**	-
Restructuring costs	**(605)**	(1,054)
Refinancing costs	**(312)**	-
Exceptional operating charges	**(917)**	(1,054)

The current year restructuring costs are in relation to redundancies due to Covid-19 pandemic cost efficiency savings. In the prior year the completion of a transformation exercise took place resulting in restructuring costs.

5. Directors' remuneration and benefits and staff costs

	2021	2020
	£000	£000
Directors' remuneration	**785**	1,642

None of the Directors were accruing benefits under the defined benefit pension scheme during the year (2020: 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:

	2021	2020
	£000	£000
Remuneration	**455**	488

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

	2021	2020
	£000	£000
Wages and salaries	**8,152**	8,547
Social security costs	**707**	749
Other pension costs	**363**	401
	9,222	9,697

Notes to the financial statements

for the year ended 31 March 2021

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

Included in other pension costs are £nil (2020: £nil) in respect of the defined benefit scheme, £320,695 (2020: £350,794) in respect of defined contribution schemes and £42,697 (2020: £49,895) in respect of life insurance.

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

	2021 No.	2020 No.
Administration	**29**	32
Emergency services	**42**	44
Air traffic control	**31**	33
Support services	**116**	106
	218	215

6. Interest receivable

	2021 £000	2020 £000
Bank interest received	**8**	39
Loans to parent company	**326**	232
	334	271

7. Interest payable

	2021 £000	2020 £000
Bank loans	**2,944**	2,606
Defined benefit scheme interest cost	**20**	25
Loan from parent undertaking	**1,487**	1,377
Other	**25**	19
	4,476	4,027

Notes to the financial statements

for the year ended 31 March 2021

8. Taxation

(a) Analysis of tax credit in year

	2021 £000	2020 £000
Current tax:		
UK corporation tax at 19 %	-	-
Total UK taxation	-	-
Deferred tax:		
Changes in deferred tax balances arising from:		
Adjustments in respect of prior periods	**(636)**	-
Origination or reversal of timing differences	**(2,710)**	(23)
Total deferred tax credit	**(3,346)**	(23)
Tax credit on loss on ordinary activities	**(3,346)**	(23)

(b) Factors affecting the tax credit for the year

The tax assessed for the year is higher (2020: higher) than would be expected by multiplying loss on ordinary activities by the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	**(22,591)**	(16,224)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	**(4,292)**	(3,082)
Effects of:		
Fixed asset differences	**1,160**	1,549
Adjustment to brought forward values	-	(1)
Expenses not deductible for tax purposes	**273**	2,071
Chargeable losses	**(4)**	(23)
Other permanent differences	**(1)**	(1)
Amounts relating to other comprehensive income	**(184)**	(12)
Deferred tax not recognised	**586**	(51)
Deferred tax relating to other comprehensive income	-	(2,003)
Remeasurement of deferred tax for changes in tax rates	-	1,760
Timing differences not recognised in the computation	**(266)**	-
Adjustments to tax charge in respect of prior periods – deferred tax	**(636)**	-
Group relief surrendered / (claimed)	**18**	(230)
Total tax credit for the year	**(3,346)**	(23)

Notes to the financial statements

for the year ended 31 March 2021

8. Taxation (continued)

(c) Deferred tax

Deferred tax liabilities	**2021**	2020
	£000	*£000*
Fixed asset timing differences	**(213)**	(518)
Chargeable gains on revalued assets	**(18,997)**	(19,001)
	(19,210)	(19,519)
Deferred tax assets recognised		
Short term timing differences	**213**	518
Losses and other deductions	**3,342**	-
	3,555	518
Net deferred tax provision recognised	**(15,655)**	(19,001)

There is an unrecognised deferred tax asset of £2,456,000 (2020: £2,505,000) 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.

The net reversal of deferred tax assets and liabilities expected in 2022 is nil.

(d) Factors that may affect future tax charges

Deferred tax assets and liabilities are measured based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax has been recognised at 19% however following the balance sheet date it was announced that the tax rate will increase to 25% from 1 April 2023, the impact of the increased rate is £1,123k on the recognised deferred tax asset and £6,066k on the deferred tax liability.

Notes to the financial statements

for the year ended 31 March 2021

9. Intangible assets

	Intangible assets ***£000***
Cost:	
At 1 April 2020	2,448
Reclassifications	4
At 31 March 2021	**2,452**
Amortisation:	
At 1 April 2020	1,477
Provided during the year	83
Reclassifications	4
At 31 March 2021	**1,564**
Net book value:	
At 31 March 2021	**888**
At 31 March 2020	971

Notes to the financial statements

for the year ended 31 March 2021

10. Tangible assets

	Freehold land	Freehold buildings	Runways, taxiways & aprons	Plant, equipment & fittings	Vehicles	Assets under construction	**Total**
	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:							
At 1 April 2020	56,098	68,187	78,593	49,411	6,822	8,581	**267,692**
Reclassification	-	1,069	621	2,902		(4,592)	-
Additions at cost	-	197	512	1,229	(1)	1,734	**3,671**
Revaluation of investment property	-	(22)	-	-	-	-	**(22)**
Disposals	-	(25)	-	(73)	(9)	(484)	**(590)**
At 31 March 2021	**56,098**	**69,406**	**79,726**	**53,469**	**6,812**	**5,240**	**270,751**
Depreciation:							
At 1 April 2020	3,448	30,203	9,302	26,858	3,851	-	**73,662**
Charge for year	-	2,428	1,899	2,377	398	-	**7,102**
Impairment	-	-	-	1,293	-	-	**1,293**
Disposals	-	(13)	-	(51)	(8)	-	**(72)**
At 31 March 2021	**3,448**	**32,618**	**11,201**	**30,477**	**4,241**	**-**	**81,985**
Net book value:							
At 31 March 2021	**52,650**	**36,788**	**68,525**	**22,992**	**2,571**	**5,240**	**188,766**
At 31 March 2020	52,650	37,984	69,291	22,553	2,971	8,581	**194,029**

Notes to the financial statements

for the year ended 31 March 2021

10. Tangible assets (continued)

Included within tangible assets are investment properties as follows:

	2021 **£000**	2020 £000
Land and buildings	**1,158**	1,180

The investment property was 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.

The property was sold post year-end, and the fair value of the property at 31 March 2021 has been adjusted to reflect the agreed selling price.

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 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**
At 31 March 2021	5,284	60,315	28,600	52,106	7,028	**153,333**
Aggregate depreciation based on cost	-	34,676	20,013	38,697	4,662	**98,049**

Notes to the financial statements

for the year ended 31 March 2021

11. Investments

	Shares in subsidiary undertakings *£000*
Cost:	
At 31 March 2020 and 31 March 2021	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.

12. Stocks

	2021	2020
	£000	*£000*
Raw materials and consumables	**263**	252

The difference between purchase price and the replacement cost of stock is not material. Stocks recognised as an expense in the period were £287,000 (2020 - £564,000) for the Company.

13. Debtors: amounts falling due within one year

	2021	2020
	£000	*£000*
Trade debtors	**889**	2,339
Prepayments and accrued income	**368**	618
Government grants receivable	**1,706**	-
Other tax	**161**	-
Amounts owed by parent company	**3,059**	3,053
Amounts owed by subsidiary	**40**	40
	6,223	6,050
Amounts falling due after more than one year:		
Amounts owed by parent company	**41,978**	40,347
	48,201	46,397

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. Amounts owed by the subsidiary company are non-interest bearing and repayable on demand.

Notes to the financial statements

for the year ended 31 March 2021

14. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	3,979	16,244

15. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	1,633	3,542
Other tax and social security	-	525
Accruals and deferred income	7,427	9,488
Amounts owed to subsidiary	1,432	1,488
Amounts owed to parent company	23,376	22,000
Other creditors	62	80
Revolving credit facility	3,000	3,000
	36,930	40,123

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. The amount owed to the subsidiary company is non-interest bearing and repayable on demand.

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

	2021	2020
	£000	£000
Amounts owed to parent company	19,427	17,940
Senior facility	65,000	65,000
Derivative financial instrument	2,669	3,517
Loan arrangement fees	(573)	(692)
Capital expenditure facility	14,259	4,792
	100,782	90,557

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 2021

17. Loans

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

	2021	2020
	£000	*£000*
Wholly repayable within 1 year	**26,086**	24,786
Wholly repayable within 10 years	**100,782**	90,557

The Company has access to a Capital Expenditure Facility (£15m) of which £14.259m is drawn down at the balance sheet date (2020: £4.792m) and a Revolving Credit Facility (£3m) of which £3m is drawn down at the balance sheet date with a 6 month maturity (2020: £3m).

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.

18. Provisions for liabilities and charges

	Deferred Tax *£000*
At 1 April 2020	**19,001**
Charge for the year (note 8)	**(3,346)**
At 31 March 2021	**15,655**

19. Share capital

Authorised	2021	2020
	£	£
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	2021 £	2020 £
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 2021

19. 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.

20. Capital commitments

At 31 March 2021 the Company had entered into contracts for capital expenditure, provided for in these accounts, amounting to approximately £268,020 (2020 £1,891,000). There are further capital commitments of £156,000 for which the Company has not provided (2020: £3,198,000).

21. Other commitments

At 31 March 2021 the Company's commitments under operating leases for plant and machinery are as follows:

	2021	2020
	£000	*£000*
Amounts payable:		
Within one year	**102**	92
Between one and five years	**122**	167

22. 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 2021

22. 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.

23. 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 2021

24. Pension costs

The Group is a participating employer in the Federated Pension Plan (FPP) which is a multi-employer defined benefit scheme. Until 2 may 2007, it had previously participated in the West Yorkshire Pension Fund (WYPF) but due to a change in its ownership it ceased to participate in the WYPF on 2 May 2007 and employees started to accrue pension benefits in the FPP. The FPP ceased to accrue future service benefits from 31 March 2017. A full actuarial valuation was carried out as at 5 April 2019 and the results updated to 31 March 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent actuarial valuation as at 5 April 2019 showed a deficit of £2,507,000. The company has agreed with the trustees that it will aim to eliminate the deficit over a period of 8 years and 5 months from 5 April 2019 by the payment of monthly contributions of £21,333. In addition, the company has agreed with the trustees that it will pay monthly contributions of £4,500 to meet regular management and administration expenses of the scheme. Pensions Regulator and Pension Protection Fund levies and audit fees are payable in addition.

The major assumptions used by the actuary were:

	31 March 2021	31 March 2020
Inflation rate (%)	**3.2**	2.5
Rate of increase in salaries (%)	**3.2**	2.5
Rate of increase in pensions in payment (%)	**3.2**	2.5
Discount rate applied to scheme liabilities (%)	**2.2**	2.3

The mortality assumptions adopted imply the following life expectancies:

	31 March 2021	31 March 2020
Male retiring now at age 65	**21.1**	21.0
Female retiring now at age 65	**23.4**	23.3
Male retiring in 20 years at age 65	**22.4**	22.4
Female retiring in 20 years at age 65	**24.9**	24.8

Notes to the financial statements

for the year ended 31 March 2021

24. Pension costs (continued)

Fair value and expected return on assets

	Value at 31 March 2021 **£000**	Value at 31 March 2020 £000
Equities (UK & Overseas)	**5,300**	4,602
Diversified Growth Funds	**2,650**	2,301
Government bonds	**3,986**	3,462
Cash	**26**	127
Total market value of assets	**11,962**	10,492
Present value of scheme liabilities	**(13,688)**	(11,484)
(Deficit) in the scheme	**(1,726)**	(992)
Defined benefit (liability) to be recognised	**(1,726)**	(992)

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

	£000
As at 1 April 2020	11,484
Expenses	125
Interest expense	263
Actuarial loss	2,043
Benefits paid	(227)
As at 31 March 2021	**13,688**

Notes to the financial statements

for the year ended 31 March 2021

24. Pension costs (continued)

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

	£000
As at 1 April 2020	10,492
Interest income	243
Contributions by the Company	382
Actuarial gains	1,072
Benefits paid	(227)
As at 31 March 2021	**11,962**

Analysis of amount charged to operating loss:

	2021 *£000*	2020 *£000*
Expenses	**125**	120
Net interest cost	**20**	25
Net cost	**145**	145

Analysis of amount recognised in other comprehensive income:

	2021 *£000*	2020 *£000*
Actual return on pension scheme assets (excluding amounts included in net interest cost) – gain / (loss)	**1,072**	(164)
Experience gains and losses arising on the plan liabilities – gain / (loss)	**160**	(65)
Effects of changes in assumptions underlying the present value of the scheme liabilities – (loss) / gain	**(2,203)**	165
Remeasurement (loss) recognised in Other Comprehensive Income	**(971)**	(64)

Notes to the financial statements

for the year ended 31 March 2021

24. 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 2021 is £310,000. In addition the Company will pay additional amounts into the scheme to cover ill-health early retirement enhancements.

25. 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 Company to the fund and amounted to £320,695 (2020: £350,794). Contributions totalling £55,510 (2020: £72,271) were payable to the fund at the reporting date and are included in creditors.

26. Financial Instruments

	2021	2020
	£000	*£000*
Cash	**3,979**	16,244
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	**889**	2,339
Other debtors	**45,077**	43,440
Financial liabilities measured at amortised cost		
Trade creditors	**1,633**	3,542
Other creditors	**44,235**	41,428
Bank loans	**81,686**	72,100
Financial liabilities at fair value through profit or loss		
Derivative financial instrument	**2,669**	3,517

Notes to the financial statements

for the year ended 31 March 2021

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.

28. Post balance sheet events

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. Due to the impacts of the COVID-19 pandemic, the Group reached agreement with lenders to modify existing facilities thereby providing additional liquidity and also a Covenant Waiver period to 31 March 2021. Post year end, due to the continued impact of COVID-19 on liquidity, the Group reached further agreement with lenders to extend this Covenant Waiver period to 31 March 2022. The Group also improved its liquidity position through a combination of a Coronavirus Business Interruption Loan of £5,000,000, and a shareholder equity injection of the same amount. The shareholder has also provided a further equity commitment of £5,000,000 to further support the liquidity position of the Group.

The additional equity came in the form of a subscription for shares in International Airport Bidco Limited, by its immediate parent company, GIF International Airport Holdco Limited for an aggregate subscription price of £5,000,000. International Airport Bidco Limited then loaned £5,000,000 to LBA Midco 1 Limited which in turn subscribed for shares in LBA Midco 2 Limited for an aggregate consideration of £5,000,000. LBA Midco 2 Limited then in turn subscribed for shares in the Company for an aggregate consideration of £5,000,000.

In June 2021 the company disposed of the investment property for £1,158,000, generating a loss on disposal of £39,000.