

Birmingham Airport Developments Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 5 April 2020

Registration number: 02295119

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Birmingham Airport Developments Limited

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Birmingham Airport Developments Limited

Company Information

Chairman	T Clarke
Directors	T Clarke N Barton S L C Richards
Company secretary	F Penhallurick
Registered office	Diamond House Birmingham Airport Birmingham West Midlands B26 3QJ
Bankers	National Westminster Bank plc 2 St Philips Place Birmingham West Midlands B3 2RB
Solicitors	Eversheds LLP 115 Colmore Row Birmingham West Midlands B3 3AL

Birmingham Airport Developments Limited

Directors Report for the Year Ended 5 April 2020

The Directors present their report and the financial statements for the year ended 5 April 2020.

Principal activity

The principal activity of the company is the development and construction of assets on the airport site, for resale to third parties.

Small companies provision statement

This report has been prepared in accordance with the small companies regime within part 15 of the Companies Act 2006.

Strategic report

In August 2013 the Department for Business, Innovation and Skills ('BIS') published new narrative reporting regulations requiring companies to produce a 'strategic' report. The company have taken advantage of the small company exemption within these regulations.

Future developments

Continued development of the airport site to meet the forecast growth in activity of the airport.

Directors of the Company


The directors who held office during the year were as follows:

T Clarke - Chairman

N Barton - Chief executive

S L C Richards

Approved by the Board on 1 July 2020 and signed on its behalf by:


.....
F Penhallurick
Company secretary

Birmingham Airport Developments Limited

Statement of Directors' Responsibilities in respect of the financial statements

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


Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

The Directors 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.

Approved by the Board on 1 July 2020 and signed on its behalf by:


.....
F Penhallurick
Company secretary

Birmingham Airport Developments Limited
Income Statement for the Year Ended 5 April 2020

	Note	2020 £	2019 £
Turnover		-	-
Administrative expenses		(30)	(30)
Operating loss		(30)	(30)
Loss before taxation		(30)	(30)
Tax on (loss)/profit	4	206	6
Profit/(loss) for the financial year		<u>176</u>	<u>(24)</u>

The above results were derived from continuing operations.

Birmingham Airport Developments Limited

(Registration number: 02295119)

Statement of Financial Position as at 5 April 2020

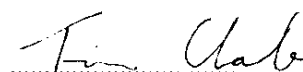
	Note	2020 £	2019 £
Current assets			
Debtors	5	2,820,961	2,822,912
Cash at bank and in hand		<u>3,122</u>	<u>5,587</u>
		2,824,083	2,828,499
Creditors: Amounts falling due within one year	6	<u>(830,552)</u>	<u>(835,144)</u>
Net assets		<u>1,993,531</u>	<u>1,993,355</u>
Capital and reserves			
Called up share capital	7	100	100
Retained earnings		<u>1,993,431</u>	<u>1,993,255</u>
Total equity		<u>1,993,531</u>	<u>1,993,355</u>

For the financial year ending 5 April 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 13 were approved and authorised by the Board on 1 July 2020 and signed on its behalf by:



T Clarke

Chairman

The notes on pages 7 to 13 form an integral part of these financial statements.

Birmingham Airport Developments Limited**Statement of Changes in Equity for the Year Ended 5 April 2020**

	Called up share capital £	Retained earnings £	Total equity £
At 6 April 2018	100	1,993,279	1,993,379
Loss for the year	-	(24)	(24)
At 5 April 2019	<u>100</u>	<u>1,993,255</u>	<u>1,993,355</u>
At 6 April 2019	100	1,993,255	1,993,355
Profit for the year	-	176	176
At 5 April 2020	<u>100</u>	<u>1,993,431</u>	<u>1,993,531</u>

The notes on pages 7 to 13 form an integral part of these financial statements.

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020

1 General information

The company is incorporated and domiciled in England.

The address of its registered office is:

Diamond House
Birmingham Airport
Birmingham
West Midlands
B26 3QJ

These financial statements were authorised for issue by the Board on 1 July 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 102 (FRS 102), in these financial statements.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

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

Related party transactions

The company is exempt under the terms of FRS102 from disclosing related party transactions with entities that are wholly owned by Birmingham Airport Holdings Limited.

Summary of disclosure exemptions

FRS102 allows a qualifying entity certain disclosure exemptions; these disclosures are included in the consolidated financial statements of Birmingham Airport Holdings Limited. The company has taken advantage of the following exemptions;

- the requirement to prepare a statement of cash flows (FRS 102 para 1.12(b));
- the requirement to disclose transactions with group members (FRS 102 para 33.1A);
- the non-disclosure of key management personnel compensation in total (FRS 102 para 33.7); and
- the requirement to complete a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 para 4.12(a)(iv)).

The company notified and did not receive any objections to the use of the above exemptions by its shareholders.

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020 (continued)

2 Accounting policies (continued)

Going concern

The Directors have reviewed the prospects for the Group and Company to March 2022 (twenty-four months from the balance sheet date) in the context of the ongoing Covid-19 pandemic and the insolvency of Flybe in March 2020. At the balance sheet date the Group had very strong liquidity, with a cash balance of £212 million. Following the issuance of private placement notes the cash balance at 31 May 2020 had risen to £243 million. Actions taken to reduce expenditure have led to cash outflows in April and May 2020 averaging £6.8 million per month. Therefore, on a simple basis, after the maturity of the £105 million bond in February 2021, the Group has sufficient cash to operate for over 18 months.

The Directors have also considered the significant uncertainties facing the Group over the next two years and carried out financial modelling of a range of trading scenarios along with the actions which could be taken in response.

The Directors have also taken steps to secure liquidity for at least the next 12 months by fully drawing the Group's £25 million revolving credit facility in March 2020 and by bringing forward the issuance of £45 million of private placement notes from December 2020 to May 2020. The maturity of the £105 million corporate bond in February 2021 is fully funded and the Group has no further maturities.

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis. However, the impact of the Coronavirus pandemic on the ability of the group to meet its covenant tests represents a material uncertainty that casts significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

Critical accounting judgments and estimations of uncertainty

The company makes relatively few judgments and estimates in preparing the financial statements and where the directors have had to make provisions they are reasonable and prudent. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover represents amounts chargeable in respect of the sale of goods and services to customers. Turnover on long term contracts is assessed based on the activity progress of the project and its attributable profit, where this can be assessed with reasonable certainty.

Long term contracts are measured at cost net of amounts transferred to cost of sales after deducting foreseeable losses and payments on account not matched with turnover. These contracts are included in stock as work in progress. The amount by which payments on account exceed turnover is shown under creditors as deferred income. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on contracts. The amount by which accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is deducted from the value of work in progress in the statement of financial position and recognised as a cost in the income statement.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement.

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020 (*continued*)

2 Accounting policies (*continued*)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

3 Directors' remuneration

Directors are remunerated by the parent company, Birmingham Airport Holdings Limited, and the costs are not recharged. Total emoluments are included within the aggregate key management personnel compensation in the financial statements of the ultimate parent. No emoluments were paid to any directors' by the company during the year (2019: £nil). There are no employees of the company (2019: none), other than the directors.

4 Tax on (loss)/profit

(a) Tax charged in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	(6)	(6)
Deferred taxation		
Arising from changes in tax rates and laws	(200)	-
Tax on (loss)/profit	<u>(206)</u>	<u>(6)</u>

(b) Reconciliation of tax charge

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020 *(continued)*

4 Tax on (loss)/profit (continued)

	2020 £	2019 £
Loss before taxation	<u>(30)</u>	<u>(30)</u>
Corporation tax at standard rate	(6)	(6)
UK deferred tax expense (credit) relating to changes in tax rates or laws	<u>(200)</u>	<u>-</u>
Total tax credit for the year	<u>(206)</u>	<u>(6)</u>

(c) Tax rate changes

In his recent budget the Chancellor of the Exchequer reversed the previously enacted decrease in the rate of UK corporation tax from 19% to 17% from 1 April 2020, with the tax rate remaining at 19%. This has been substantively enacted at the balance sheet date and is reflected in the company's financial statements.

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020 (*continued*)

5 Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	2,758,833	2,761,909
Other receivables	60,228	59,303
Deferred tax assets	1,900	1,700
	<u>2,820,961</u>	<u>2,822,912</u>

Amounts owed by group undertakings relate to trading income which will be settled within one year.

Deferred tax

Deferred tax assets and liabilities

	Asset £
2020	
Other timing differences	<u>1,900</u>
2019	
Other timing differences	<u>1,700</u>

6 Creditors

	2020	2019
	£	£
Amounts falling due within one year		
Accruals	<u>830,552</u>	<u>835,144</u>

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020 (*continued*)

7 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary Shares of £1 each	100	100	100	100

8 Contingent liabilities

On 13 February 2001, the company, along with other group members of Birmingham Airport Holdings Limited, provided Guarantees in support of a £105 million Corporate Bond issued by Birmingham Airport (Finance) PLC. The bond is for a period of 20 years maturing on the 22 February 2021 and carries a fixed interest rate of 6.25 per cent per annum.

On 3 December 2013, the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £75 million private placement senior notes issued by Birmingham Airport (Finance) PLC. Series A senior notes of £30 million are for a period of ten years maturing 3 December 2023 and carries a fixed interest rate of 4.472 per cent per annum. Series B senior notes of £45 million are for a period of fifteen years maturing 3 December 2028 and carries a fixed interest rate of 4.557 per cent per annum.

On 30 March 2016, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £76 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 30 March 2016. The senior notes are for a period of 25 years maturing 30 March 2041 and carry a fixed interest rate of 3.8 per cent per annum.

On 24 January 2019, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £90 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 24 January 2019. The senior notes are for a period of 30 years maturing 24 January 2049 and carry a fixed interest rate of 3.21 per cent per annum.

On 23 January 2020, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £85 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 23 January 2020. The senior notes are for a period of 30 years maturing 23 January 2050 and carry a fixed interest rate of 2.44 per cent per annum.

On 16 January 2019, the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees to Royal Bank of Scotland PLC in support of a £25 million banking facility made available to Birmingham Airport Holdings Limited. The facility is for a period of five years with an expiry date of 16 January 2024, with an option to extend by 2 further 12 month periods. At the date of signing these financial statements, the total amount of the facility has been drawn down.

Birmingham Airport Developments Limited

Notes to the Financial Statements for the Year Ended 5 April 2020 (*continued*)

9 Related party transactions

The company has taken advantage of the disclosure exemption under paragraph 33.1A, "Related Party Disclosures", of FRS 102, on the grounds that it is a wholly owned subsidiary of a group headed by Birmingham Airport Holdings Limited, whose financial statements are publicly available.

10 Parent and ultimate parent undertaking

The company's immediate parent is Birmingham Airport Limited, incorporated in England.

The ultimate parent is Birmingham Airport Holdings Limited, incorporated in England.

The smallest and largest parent entity producing publicly available financial statements is Birmingham Airport Holdings Limited. These financial statements are available upon request from Diamond House, Birmingham Airport, Birmingham, West Midlands, B26 3QJ.