

Euro-hub (Birmingham) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2021



Registration number: 02403252

Euro-hub (Birmingham) Limited

Contents

| | |
|---|---------|
| Company Information | 1 |
| Directors Report | 2 |
| Statement of Directors' Responsibilities in respect of the financial statements | 3 |
| Income Statement | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Equity | 6 |
| Notes to the Financial Statements | 7 to 11 |

Euro-hub (Birmingham) Limited

Company Information

Chairman T Clarke

Chief Executive Officer N Barton

Directors N Barton
T Clarke
S L C Richards

Company secretary F Penhallurick

Registered office Diamond House
Birmingham Airport
Birmingham
West Midlands
B26 3QJ

Solicitors Eversheds LLP
115 Colmore Row
Birmingham
West Midlands
B3 3AL

Bankers Barclays Bank plc
15 Colmore Row
Birmingham
West Midlands
B3 2BY

Euro-hub (Birmingham) Limited

Directors Report for the Year Ended 31 March 2021

The Directors present their report and the unaudited financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the company is a UK property business.

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

The company will continue to operate its UK property business, acquiring residual interest in airport infrastructure assets.

Directors of the Company

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

N Barton - Chief executive

T Clarke - Chairman

S L C Richards

Approved by the Board on 30 June 2021 and signed on its behalf by:



F Penhallurick
Company secretary

Euro-hub (Birmingham) 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 30 June 2021 and signed on its behalf by:



F Penhallurick
Company secretary

Euro-hub (Birmingham) Limited

Income Statement for the Year Ended 31 March 2021

| | Note | 2021 £ 000 | 2020 £ 000 |
|------------------------------------|-------------|-----------------------|-----------------------|
| Administrative expenses | | <u>(207)</u> | <u>(207)</u> |
| Operating loss | 3 | <u>(207)</u> | <u>(207)</u> |
| Loss before taxation | | <u>(207)</u> | <u>(207)</u> |
| Tax on loss | 5 | <u>39</u> | <u>39</u> |
| Loss for the financial year | | <u><u>(168)</u></u> | <u><u>(168)</u></u> |

The above results were derived from continuing operations.

Euro-hub (Birmingham) Limited

(Registration number: 02403252)

Statement of Financial Position as at 31 March 2021

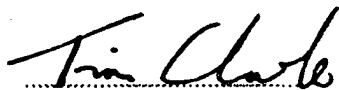
| | Note | 2021 £ 000 | 2020 £ 000 |
|--|------|---------------|---------------|
| Current assets | | | |
| Debtors | 6 | 20,712 | 20,880 |
| Net current assets | | 20,712 | 20,880 |
| Total assets less current liabilities | | 20,712 | 20,880 |
| Creditors: Amounts falling due after more than one year | 7 | (20,661) | (20,661) |
| Net assets | | 51 | 219 |
| Capital and reserves | | | |
| Called up share capital | 8 | 100 | 100 |
| Capital redemption reserve | | 1,000 | 1,000 |
| Retained earnings | | (1,049) | (881) |
| Total equity | | 51 | 219 |

For the financial year ending 31 March 2021 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 12 were approved and authorised by the Board on 30 June 2021 and signed on its behalf by:



T Clarke
Chairman

Euro-hub (Birmingham) Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

| | Called up share capital £ 000 | Capital redemption reserve £ 000 | Retained earnings £ 000 | Total equity £ 000 |
|-----------------------------|--|---|--|-------------------------------|
| At 1 April 2019 | 100 | 1,000 | (713) | 387 |
| Loss for the financial year | - | - | (168) | (168) |
| At 31 March 2020 | 100 | 1,000 | (881) | 219 |
| At 1 April 2020 | 100 | 1,000 | (881) | 219 |
| Loss for the financial year | - | - | (168) | (168) |
| At 31 March 2021 | 100 | 1,000 | (1,049) | 51 |

Euro-hub (Birmingham) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

1 General information

The company is incorporated and domiciled in England, United Kingdom.

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 30 June 2021.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

Related party transactions

The company has taken exemption under FRS 102 from disclosing related party transactions with entities that are part of the Birmingham Airport Holdings group.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. 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.

Euro-hub (Birmingham) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

Going concern

The group of companies to which the company belongs has external debt facilities in the form of £371 million of private placement loan notes and a bank loan of £25 million, for which the company has cross guarantees.

The Directors have reviewed the prospects for the Group, of which the Company is a member, to March 2023 (twenty-four months from the balance sheet date) in the context of the ongoing Covid-19 pandemic. At the balance sheet date the Group had strong liquidity, with a cash balance of £73.2 million. Actions taken since the start of the pandemic to reduce expenditure have led to cash outflows in the second half of 2020/21 averaging £5.5 million per month. Therefore, on a simple basis the Group has sufficient cash to operate for 13 months. To further support the Group, a £65 million shareholder loan facility has been put in place with Birmingham Airport Holdings Limited. Together with the cash balance, the Group therefore has liquidity sufficient for almost two years from the date of signing these financial statements.

The Directors have also considered the continuing uncertainties facing the Group and Company 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.

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 uncertain course of the Coronavirus pandemic and its impact on the ability of the Group to meet its covenant tests, and to take corrective measures should it not be able to do so, continue to cast some doubt in the medium-term on the Group and Company's ability to continue as a going concern and 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.

Tax

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

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.

Capital instruments

The amount of shareholders' funds attributable to equity and non-equity interests has been separately disclosed. Finance costs associated with non-equity shares have been allocated to periods at a constant rate based on the carrying amount.

3 Operating loss

Administrative expenses relate to lease rental payments for the sites of the airport control tower and the runway extension. Residual interest in the lease for the site of the airport control tower was acquired in March 2014 and residual interest in the lease of the site of the runway extension was acquired in December 2015, with a £1 peppercorn rental income due on each lease until such time as the lease premium expires, at which time market rate commercial rental income will be receivable.

4 Directors' remuneration and staff costs

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 (2020: £nil). There are no employees of the company (2020: none), other than the Directors.

Euro-hub (Birmingham) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021 (*continued*)

5 Tax on loss

(a) Tax credited in the income statement

| | 2021 £ 000 | 2020 £ 000 |
|-------------------------|---------------|---------------|
| Current taxation | | |
| UK corporation tax | (39) | (39) |

(b) Reconciliation of tax credit

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

| | 2021 £ 000 | 2020 £ 000 |
|----------------------------------|---------------|---------------|
| Loss before taxation | (207) | (207) |
| Corporation tax at standard rate | (39) | (39) |
| Total tax credit for the year | (39) | (39) |

(c) Tax rate changes

In his recent budget the Chancellor of the Exchequer increased the rate of UK corporation tax from 19% to 25% from 1 April 2023. This was not substantively enacted at the balance sheet date and is not reflected in the company's financial statements.

6 Debtors

| | 2021 £ 000 | 2020 £ 000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 12,529 | 12,737 |
| Prepayments | 8,104 | 8,104 |
| Corporation Tax | 79 | 39 |
| | 20,712 | 20,880 |

The amounts owed by group undertakings are unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. Prepayments reflect the purchase of residual interest in the leases of the Birmingham Airport Control Tower and Runway Extension from Birmingham Airport Developments Limited.

Euro-hub (Birmingham) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021 *(continued)*

7 Creditors

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Amounts falling due after more than one year | | |
| 20,001,000 5% cumulative redeemable Preference shares of £1 each | 20,001 | 20,001 |
| Redemption premium payable on cumulative preference shares | 660 | 660 |
| | <u>20,661</u> | <u>20,661</u> |

Under the Articles of Association, the preference shares could be redeemed at the option of the company from 30 June 1996 onwards, provided sufficient profits from trading have been achieved. Of the 20,001,000 preference shares, 14,001,000 will be redeemed at par and the balance of 6,000,000 will be redeemed at a premium of 11%. The shares are non-voting and have a preferential right of return on capital on a winding-up.

8 Called up share capital

Allotted, called up and fully paid shares

| | No. 000 | 2021 £ 000 | No. 000 | 2020 £ 000 |
|----------------------------|------------|---------------|------------|---------------|
| Ordinary Shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

Euro-hub (Birmingham) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021 (*continued*)

9 Contingent liabilities

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 carries 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 24 January 2020. The senior notes are for a period of 30 years maturing 24 January 2050 and carry a fixed interest rate of 2.44 per cent per annum.

On 21 May 2020, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £45 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 21 May 2020. The senior notes are for a period of 30 years maturing 21 May 2050 and carry a fixed interest rate of 2.94 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.

10 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.

11 Parent and ultimate parent undertaking

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

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

The smallest and largest group to consolidate these financial statements and produce 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.