

# Birmingham Airport (Finance) PLC

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Registration number: 04061664



## **Birmingham Airport (Finance) PLC Contents**

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Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' Responsibilities in respect of the Financial Statements	7
Independent auditors' report to the members of Birmingham Airport (Finance) PLC	8 to 11
Income Statement	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 22

## **Birmingham Airport (Finance) PLC**

### **Company Information**

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**Chairman** T Clarke

**Chief Executive** N Barton

**Directors** T Clarke  
N Barton  
S L C Richards

**Company Secretary** S L C Richards

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

**Bankers** National Westminster Bank plc  
2 St Phillips Place  
Birmingham  
West Midlands  
B3 2PT

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered accountants and statutory auditors  
One Chamberlain Square  
Birmingham  
B3 3AX

## **Birmingham Airport (Finance) PLC**

### **Strategic Report for the Year Ended 31 March 2023**

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The Directors present their strategic report for the year ended 31 March 2023.

#### **Principal activities**

The principal activity of the Company is the provision of financing facilities to Birmingham Airport Holdings Limited (the ultimate holding company of Birmingham Airport (Finance) PLC), Birmingham Airport Limited and Birmingham Airport Operations Limited.

#### **Review of the business**

During February 2001, the company issued a 20 year, £105 million corporate bond, the net proceeds of which were lent to Birmingham Airport Holdings Limited at a commercial rate of interest. This bond and loan matured in February 2021 and all debts were repaid. During December 2013, the company entered into Private Placement Senior Notes agreements for £30 million and £45 million with terms of 10 years and 15 years respectively. The net proceeds for this transaction have been lent to Birmingham Airport Holdings Limited (£32.2 million) and Birmingham Airport Limited (£41.8 million), both at a commercial rate of interest. During March 2016, the company entered into Private Placement Senior Notes agreements for £76 million with a term of 25 years. The proceeds for this transaction have been lent to Birmingham Airport Operations Limited on 6 April 2016 at a commercial rate of interest. During January 2019, the company entered into Private Placement Senior Notes agreements for £90 million with a term of 30 years. The proceeds for this transaction have been lent to Birmingham Airport Limited on 24 January 2019 at a commercial rate of interest. During January 2020, the company entered into Private Placement Senior Notes agreements for £85 million with a term of 30 years. The proceeds for this transaction have been lent to Birmingham Airport Limited on 23 January 2020 at a commercial rate of interest. During May 2020, the company entered into Private Placement Senior Notes agreements for £45 million with a term of 30 years. The proceeds for this transaction have been lent to Birmingham Airport Limited on 21 May 2020 at a commercial rate of interest.

As the Company is a wholly owned subsidiary, whose ultimate parent is Birmingham Airport Holdings Limited, a more detailed review of the Birmingham Airport Group can be found within those financial statements including a performance review, key performance indicators and information on financial risk management. The specific company financial risk management policies are included in note 11.

#### **Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action**

Administration is carried out by the Group and this is disclosed in the Group's financial statements.

#### **Statement by the Directors on performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The Board of Directors of Birmingham Airport (Finance) plc have acted in a way they consider to be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year ended 31 March 2023.

The key relationships for the business are those with its external lenders and other members of the Birmingham Airport Holdings Limited Group.

The Company has long-standing relationships with its lenders and engages with them proactively to maintain these relationships.

The relationship between the Company and the other members of the group is primarily guided by the Board of Birmingham Airport Holdings Limited which is the ultimate parent company overseeing all Group activities.

## **Birmingham Airport (Finance) PLC**

### **Strategic Report for the Year Ended 31 March 2023 (continued)**

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#### **Principal risks and uncertainties**

The Company is risk averse in its principal activities as detailed above. The principal risk for the Company is interest rates. The Company has limited exposure, as the private placement senior notes have fixed interest rates. The amount owed by Group undertakings attracts interest at a rate composed of the blended third party interest rate payable plus 0.5 per cent.

Approved by the Board on 22 June 2023 and signed by order of the Board:

*...Simon Richards.....*  
S L C Richards  
Company Secretary

## **Birmingham Airport (Finance) PLC**

### **Directors' Report for the Year Ended 31 March 2023**

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The Directors present their report and the audited financial statements of the company for the year ended 31 March 2023.

#### **Results and Dividends**

The profit for the financial year after taxation amounted to £1.217 million (2022: £0.109 million loss). During the year there was no final dividend paid for the year ended 31 March 2022 (2022: £Nil per ordinary share). For the year ending 31 March 2023 there was no interim dividend paid during the year (2022: £Nil per ordinary share).

The Directors recommend that no final dividend is paid in respect of the financial year ended 31 March 2023 (2022: £Nil).

#### **Corporate Governance**

The Company has a single class of allotted, called up and fully paid ordinary shares, all of which rank equally (see note 12). The directors are appointed by shareholders of the ultimate parent company (Birmingham Airport Holdings Limited) and meet annually to discuss the financial and operational performance of the business. The voting rights of those Directors rank in proportion to the shareholdings in its holding Company.

The Company was specifically established to provide structured finance to the Group as noted in its principal activities within the strategic report. The board has an experienced operational management and finance team who monitor the Company's performance and covenant compliance.

#### **Financial risk management**

The interest rate risk for the Company is discussed in note 11. The Directors consider this to be the only risk for the Company.

#### **Future developments**

The Directors expect the Company to continue to provide financing facilities to Birmingham Airport Holdings Limited, Birmingham Airport Limited and Birmingham Airport Operations Limited.

#### **Directors of the Company**

The Directors who were in office during the year and up to the date of signing the financial statements were as follows:

N Barton - Chief Executive

T Clarke - Chairman

S L C Richards

#### **Directors liabilities**

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors throughout the financial year.

## **Birmingham Airport (Finance) PLC**

### **Directors' Report for the Year Ended 31 March 2023 (continued)**

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#### **Going concern**

The Company has external debt facilities in the form of £371 million private placement loan notes. The Group of companies to which the Company belongs also has an undrawn £25 million revolving credit facility, for which the Company has cross guarantees.

The Directors have reviewed the prospects for the Group and Company through to March 2025 (twenty four months from the balance sheet date) in the context of continued recovery from the Covid-19 pandemic, economic impacts of the war in Ukraine and the higher inflation and interest rate environment.

Passenger volume continues to recover and in 2022/23 was 10.5 million (86.3% of the volume in 2019/20, the last pre-pandemic year). Along with actions taken during the pandemic which give ongoing reductions in expenditure, this led to a cash inflow of £11.3 million. Looking forward, 2023/24 passenger volume is forecast to grow to 12.3 million (very similar to the level pre-Covid). This will increase revenue, profitability and operating cash inflow.

At the balance sheet date, the Group had strong liquidity, with a cash balance of £65.9 million and an undrawn £25 million revolving credit facility. The Directors have carried out financial modelling of a range of trading forecasts, uncertainties in achieving those forecasts, along with the actions which could be taken in response. In assessing the going concern position, the Directors have considered the Group's cash flow and liquidity and the associated impact on the Group's lending covenant compliance.

The inflation and interest rate impacts on the cost of living do not appear to have suppressed passenger demand to fly. Whilst the Covid-19 infection still persists, the response of travellers and governments now treats Covid-19 in a similar way to other infections rather than to restrict travel. However, the trading environment remains uncertain and, in addition to the base case forecast of 12.3 million passengers in 2023/24, a significant downside scenario of 9.2 million passengers has been used to assess liquidity and covenant compliance. The Group continues to comply with its covenants in this significant downside scenario.

The Group has external debt facilities of £371 million in private placement loan notes and an undrawn revolving credit facility of £25 million. £30 million of the private placement loan notes mature in December 2023 and the cash balance at 31 March 2023 along with the forecast operating cash inflow enables the Group to repay this debt from cash reserves.

The terms of the external debt facility agreements require the Group to comply with covenants. During the pandemic waivers were granted by lenders up to an additional testing date of 31 December 2022. Due to the recovery in passenger volumes and consequential improvement in EBITDA, the Group complied with the covenants at the testing date. No further waivers were sought and the normal testing dates at 31 March and 30 September have resumed.

In the 2022 financial statements the additional December 2022 covenant test represented a material uncertainty in the going concern assessment because compliance was dependent on the timing and pace of recovery from the pandemic. As the Group is now compliant with its covenants and forecasts to continue to be compliant, this material uncertainty is no longer present.

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.

**Birmingham Airport (Finance) PLC**  
**Directors' Report for the Year Ended 31 March 2023 (continued)**

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**Political Donations**

There were no political donations during the year.

**Reappointment of Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 22 June 2023 and signed by order of the Board:

.....*Simon Richards*.....  
S L C Richards  
Company Secretary



## **Birmingham Airport (Finance) PLC**

### **Statement of Directors' Responsibilities in respect of the Financial Statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

#### **Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 22 June 2023 and signed by order of the Board:

...Simon Richards.....  
S L C Richards  
Company Secretary

## **Birmingham Airport (Finance) PLC**

### **Independent Auditor's Report to the Members of Birmingham Airport (Finance) PLC**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Birmingham Airport (Finance) PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2023; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Birmingham Airport (Finance) PLC**

### **Independent Auditor's Report to the Members of Birmingham Airport (Finance) PLC (continued)**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

##### ***Auditors' 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 auditors' 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.

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.

## **Birmingham Airport (Finance) PLC**

### **Independent Auditor's Report to the Members of Birmingham Airport (Finance) PLC (continued)**

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Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual/fictitious journals and complex transactions and manipulating the entity's performance profit measures and other key performance indicators to meet externally communicated targets. Audit procedures performed by the engagement team included:

- Inquiring of management and those charged with governance, as to whether the entity is in compliance with such laws and regulations, including consideration of actual or potential litigation and claims;
- Inspecting correspondence with the relevant authorities;
- Identifying and testing journal entries focussing on entries with unusual account combinations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing minutes of meetings of those charged with governance, and reviews of legal expenses;
- Review of estimates for evidence of bias; and
- Incorporating elements of unpredictability within audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Birmingham Airport (Finance) PLC**  
**Independent Auditor's Report to the Members of Birmingham Airport (Finance)**  
**PLC (continued)**

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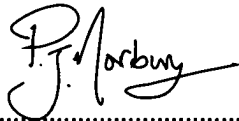
**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....  
**Paul Norbury (Senior Statutory Auditor)**  
**For and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Birmingham**

Date: 28 June 2023

**Birmingham Airport (Finance) PLC**  
**Income Statement for the Year Ended 31 March 2023**

	Note	2023 £ 000	2022 £ 000
Administrative expenses		(8)	(8)
Operating loss	3	(8)	(8)
Interest receivable and similar income	5	13,911	12,113
Interest payable and similar expenses	6	(12,403)	(12,241)
Profit/(loss) before taxation		1,500	(136)
Tax on profit/(loss)	7	(283)	27
Profit/(loss) for the financial year		1,217	(109)

The above results were derived from continuing operations.

The notes on pages 15 to 22 form an integral part of these financial statements.

**Birmingham Airport (Finance) PLC**  
**(Registration number: 04061664)**  
**Statement of Financial Position as at 31 March 2023**

	Note	2023 £ 000	2022 £ 000
<b>Current assets</b>			
Debtors	8	377,559	376,021
Cash at bank and in hand		4	3
		<u>377,563</u>	<u>376,024</u>
Creditors: Amounts falling due within one year	9	<u>(34,819)</u>	<u>(4,595)</u>
<b>Net current assets</b>		<b><u>342,744</u></b>	<b><u>371,429</u></b>
<b>Total assets less current liabilities</b>		<b><u>342,744</u></b>	<b><u>371,429</u></b>
Creditors: Amounts falling due after more than one year	9	<u>(339,738)</u>	<u>(369,640)</u>
<b>Net assets</b>		<b><u>3,006</u></b>	<b><u>1,789</u></b>
<b>Capital and reserves</b>			
Called up share capital	12	50	50
Retained earnings		<u>2,956</u>	<u>1,739</u>
<b>Total equity</b>		<b><u>3,006</u></b>	<b><u>1,789</u></b>

The financial statements on pages 11 to 22 were approved and authorised by the Board of Directors on 22 June 2023 and signed on its behalf by:

.....*Tim Clarke*.....  
T Clarke  
Chairman

The notes on pages 15 to 22 form an integral part of these financial statements.

**Birmingham Airport (Finance) PLC**  
**Statement of Changes in Equity for the Year Ended 31 March 2023**

	<b>Called up share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 April 2021	50	1,848	1,898
Loss for the financial year	-	(109)	(109)
At 31 March 2022	50	1,739	1,789
At 1 April 2022	50	1,739	1,789
Profit for the financial year	-	1,217	1,217
At 31 March 2023	50	2,956	3,006

The notes on pages 15 to 22 form an integral part of these financial statements.



## **Birmingham Airport (Finance) PLC**

### **Notes to the Financial Statements for the Year Ended 31 March 2023**

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#### **1 General information**

The Company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

Diamond House  
Birmingham Airport  
Birmingham  
West Midlands  
B26 3QJ

The principal activity of the Company is the provision of financing facilities to Birmingham Airport Holdings Limited (the ultimate holding company of Birmingham Airport (Finance) PLC), Birmingham Airport Limited and Birmingham Airport Operations Limited.

#### **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 applied "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.

##### **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**

FRS 102 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 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)).

## **Birmingham Airport (Finance) PLC**

### **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

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#### **2 Accounting policies (continued)**

##### **Going Concern**

The Company has external debt facilities in the form of £371 million private placement loan notes. The Group of companies to which the Company belongs also has an undrawn £25 million revolving credit facility, for which the Company has cross guarantees.

The Directors have reviewed the prospects for the Group and Company through to March 2025 (twenty four months from the balance sheet date) in the context of continued recovery from the Covid-19 pandemic, economic impacts of the war in Ukraine and the higher inflation and interest rate environment, as outlined in the Directors report on page 5. At the balance sheet date, the Group had strong liquidity, with a cash balance of £65.9 million and an undrawn £25 million revolving credit facility. Passenger volume continues to recover and in 2022/23 was 10.5 million (86.3% of the volume in 2019/20, the last pre-pandemic year). Along with actions taken during the pandemic which give ongoing reductions in expenditure, this led to a cash inflow of £11.3 million. Looking forward, 2023/24 passenger volume is forecast to grow to 12.3 million (very similar to the level pre-Covid). This will increase revenue, profitability and operating cash inflow.

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. In the 2022 financial statements the additional December 2022 covenant test represented a material uncertainty in the going concern assessment because compliance was dependent on the timing and pace of recovery from the pandemic. As the Group is now compliant with its covenants and forecasts to continue to be compliant, this uncertainty is no longer present.

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 estimation 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.

##### **Tax**

The tax expense for the year comprises current and deferred 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.

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.

Current and deferred tax assets and liabilities are not discounted.

## Birmingham Airport (Finance) PLC

### Notes to the Financial Statements for the Year Ended 31 March 2023 *(continued)*

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#### 2 Accounting policies (continued)

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are approved by the company's shareholders.

##### Financial instruments

The Company's financial instruments are all categorised as basic financial instruments under section 11 of FRS 102. The Company has chosen not to measure the basic financial instruments at fair value through the Income Statement.

#### 3 Operating loss

Operating loss is stated after charging:

	2023 £ 000	2022 £ 000
Audit fees payable to the Company's auditors	8	8

#### 4 Directors' remuneration

Directors are remunerated by the ultimate 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 (2022: £nil). There are no employees of the Company (2022: none), other than the Directors.

#### 5 Interest receivable and similar income

	2023 £ 000	2022 £ 000
Interest income from Group companies	13,911	12,113

**Birmingham Airport (Finance) PLC**  
**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

**6 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Other interest payable	12,403	12,241

**7 Tax on profit/(loss)**

Tax charged/(credited) in the income statement

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	290	-
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(7)	(27)
Tax on profit/(loss)	283	(27)

The differences are reconciled below:

The tax on profit/(loss) for the year is lower than the standard rate of corporation tax in the UK (2022: lower than the standard rate of corporation tax in the UK) of 19% (2022: 19%).

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit/(loss) before tax	1,500	(136)
Corporation tax at standard rate	285	(26)
Deferred tax credit relating to changes in tax rates or laws	(2)	(1)
Total tax charge/(credit) for the year	283	(27)

In the March 2021 UK Budget it was announced that the main rate of UK corporation tax would increase from 19% to 25% with effect from 01 April 2023. This had been substantively enacted at the balance sheet date and is reflected in the Company's financial statements.

**Birmingham Airport (Finance) PLC**  
**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

**8 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts owed by group undertakings	377,457	375,910
Deferred tax assets	13	6
Prepayments and accrued income	89	105
	<u>377,559</u>	<u>376,021</u>

The amounts owed by group undertakings are unsecured and there are no formal arrangements for the repayment of these amounts and consequently these amounts are strictly payable on demand. The interest receivable is based on a rate composed of the blended third party interest rate payable plus 0.5 per cent. This interest rate has also been applied to the funds loaned out from the private placements.

The Company has deferred tax assets of £0.013 million in the current year relating to tax losses (2022: £0.006 million).

**9 Creditors**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>£ 000</b>	<b>£ 000</b>
<b>Amounts falling due within one year</b>			
Loans and borrowings	10	30,000	-
Borrowings		4,249	4,324
Corporation tax		547	257
Accruals and deferred income		23	14
		<u>34,819</u>	<u>4,595</u>
<b>Amounts falling due after more than one year</b>			
Loans and borrowings	10	<u>339,738</u>	<u>369,640</u>

**Birmingham Airport (Finance) PLC**  
**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

**10 Loans and borrowings**

	2023 £ 000	2022 £ 000
<b>Current loans and borrowings</b>		
Private Placement Series A Senior Notes	30,000	-
	<u>30,000</u>	<u>-</u>
	2023 £ 000	2022 £ 000
<b>Non-current loans and borrowings</b>		
Private Placement Senior Notes 2020 Series B	45,000	45,000
Private Placement Senior Notes 2020 Series A	85,000	85,000
Private Placement Senior Notes 2019	90,000	90,000
Private Placement Senior Notes	76,000	76,000
Private Placement Series A Senior Notes	-	30,000
Private Placement Series B Senior Notes	45,000	45,000
Less issue costs and discount	(1,262)	(1,360)
	<u>339,738</u>	<u>369,640</u>

The private placement series A Senior Notes are repayable within 12 months.

The non-current loans and borrowings are payable after five years. All loans are repayable in full at the end of the loan term.

All loans and borrowing are unsecured.

The private placement series B senior notes 2020 will mature, unless previously redeemed or purchased or cancelled on 21 May 2050. Interest on the private placement senior notes 2020 is payable on 24 January and 24 July at a fixed rate of 2.49 per cent.

The private placement series A senior notes 2020 will mature, unless previously redeemed or purchased or cancelled on 24 January 2050. Interest on the private placement senior notes 2020 is payable on 24 January and 24 July at a fixed rate of 2.44 per cent.

The private placement senior notes 2019 will mature, unless previously redeemed or purchased or cancelled on 24 January 2049. Interest on the private placement senior notes 2019 is payable on 24 January and 24 July at a fixed rate of 3.21 per cent.

The private placement senior notes will mature, unless previously redeemed or purchased or cancelled on 30 March 2041. Interest on the private placement senior notes is payable on 30 March and 30 September at a fixed rate of 3.8 per cent.

The private placement senior notes A and senior notes B will mature, unless previously redeemed or purchased or cancelled on 3 December 2023 and 3 December 2028 respectively. Interest on the senior notes is payable on 3 June and 3 December at a fixed rate of 4.472 per cent for the senior A notes and 4.557 per cent for the senior B notes.

## Birmingham Airport (Finance) PLC

### Notes to the Financial Statements for the Year Ended 31 March 2023 *(continued)*

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#### 11 Financial instruments

The Company's principal financial instruments comprise private placement senior notes and inter-company loans. The main purpose of these financial instruments is to raise and provide finance for the parent's and its subsidiaries operations. The Company does not enter into any form of derivative financial instruments.

##### Funding

The Company's funding is provided by its £30 million 4.472 per cent Series A Senior Note private placement maturing on 3 December 2023, £45 million 4.557 per cent Series B Senior Notes private placement maturing on 3 December 2028, £76 million 3.8 per cent Senior Note private placement maturing on 30 March 2041, £90 million 3.21 per cent Senior Note private placement maturing on 24 January 2049, £85 million 2.44 per cent Series A Senior Note private placement maturing on 24 January 2050 and £45 million 2.49 per cent Series B Senior Note private placement maturing on 21 May 2050. The funding provided financing to the parent undertaking and its subsidiary operations via interest bearing inter-company loans. The Company has no further funding.

##### Interest Rate Risk

The Company's borrowing is fixed at fixed rates of interest. The interest rates on both the Series A and Series B senior notes are fixed at 4.472 per cent and 4.557 per cent. The interest rate on the £76 million senior notes is fixed at 3.8 per cent. The interest rate on the £90 million senior notes is fixed at 3.21 per cent. The interest rate on the £85 million Series A senior notes is fixed at 2.44 per cent. The interest rate on the £45 million Series B senior notes is fixed at 2.49 per cent.

The Company charges interest at a rate composed of the blended third party interest rate payable plus 0.5 per cent on all funds which have been lent to its ultimate parent undertaking (Birmingham Airport Holdings Limited) and Group subsidiaries (Birmingham Airport Limited and Birmingham Airport Operations Limited) via an inter-company loan account.

All financial assets and liabilities have been classified as basic financial instruments under Section 11 of FRS 102 and therefore no further disclosures are required.

<b>Fixed rate financial liabilities</b>	<b>2023 Years remaining</b>	<b>2022 Years remaining</b>
Sterling Private Placement Senior Notes Series A	1	2
Sterling Private Placement Senior Notes Series B	6	7
Sterling Private Placement Senior Notes	18	19
Sterling Private Placement Senior Notes 2019	26	27
Sterling Private Placement Senior Notes 2020 Series A	27	28
Sterling Private Placement Senior Notes 2020 Series B	28	29

**Birmingham Airport (Finance) PLC**  
**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

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**12 Called up share capital**

**Allotted, called up and fully paid shares**

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

There is a single class of allotted, called up and fully paid ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**13 Contingent liabilities**

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 has an expiry date of 16 January 2025, with an option to extend by a further 12 months. At the date of signing these financial statements, the total amount outstanding under this facility was £nil (2022: £25 million).

**14 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.

**15 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 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