

East Midlands Airport Property
Investments (Hotels) Limited

Annual report and unaudited financial
statements

Registered number 07088376

Year ended 31 March 2020

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Directors' report

The directors present the directors' report and unaudited financial statements of the Company for the year ended 31 March 2020.

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company is exempt from preparing a strategic report.

Principal activity

In previous years, the principal activity of the Company has been to act as an investment property Company. The Company did not trade throughout the year ended 31 March 2020 and management do not have plans for the Company to recommence trading in the immediate future.

Business review

The results for the year are set out on page 6. During the year the Company made a profit before tax of £nil (2019: £nil). At the year end the Company had net assets of £11,737,000 (2019: £11,737,000).

Manchester Airports Group ('MAG'), the group of companies whose ultimate parent company is Manchester Airports Holdings Limited, and of which the Company is a member, has continued to work with industry partners to help shape the UK Government's approach to Brexit.

The UK reached an agreement with the EU on 24 December 2020, which was then ratified before the end of the transition period on 31 December 2020. MAG welcomes the principles in the agreement which allow the continued operation of air services, close cooperation on aviation security, and collaboration on air traffic management. This preserves the current regime and liberal access to the EU aviation market that MAG had been calling for in any UK-EU relationship following the end of the transition period.

Close collaboration with the UK Government and our airline partners also meant that, with the deal agreed, there was minimal disruption at MAG's airports caused by the end of the transition period. MAG continues to work closely with its partners to ensure that, once demand begins to return to UK airports following the Covid-19 pandemic, travellers will have clear communications and advice about any changes to their airport experience as a result of the new UK-EU relationship.

Principal risks and uncertainties

The key risks faced by the Company, including those arising from COVID-19, are aligned with those of Manchester Airports Holdings Limited. For more details of these risks, including that of COVID-19, and how they are managed please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any other significant risks for the Company.

Key performance indicators ('KPIs')

Management have identified there to be no key performance indicators for the Company, with the entity being dormant under the Companies Act 2006. For the group consolidated key performance indicators please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited.

Directors

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

C Cornish (resigned on 6 November 2020)
K O'Toole (resigned on 6 November 2020)
N Thompson (resigned on 6 November 2020)
J Bramall (appointed on 6 November 2020)
C James (appointed on 6 November 2020)

Going concern

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events, which are inherently uncertain. The current economic conditions resulting from the COVID-19 pandemic have had a significant impact on the Company's and Group's activity levels from March 2020 onwards. The impacts upon the general economy and the airline industry specifically have continued into the current financial year FY21.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Manchester Airports Holdings Limited Group not seeking repayment of the amounts currently due to the group, which at 31 March 2020 amounted to £22,446,000, and providing additional financial support during that period. Manchester Airports Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, continued support is dependent on the ability of the Manchester Airports Holdings Limited group being able to settle its liabilities as they fall due. The directors of Manchester Airports Holdings Limited have concluded that a material uncertainty exists over the Manchester Airports Holdings Limited group's ability to continue as a going concern as detailed in the basis of preparation on page 50-51 of Manchester Airports Holdings Limited annual report which is publicly available on the company website or Companies House

Based on their enquiries the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Dividends

A dividend of £nil (2019: £nil) was declared and paid in the year.

By order of the Board



J Bramall
Director

26 March 2021

4th Floor
Olympic House
Manchester Airport
Manchester
M90 1QX

Statement of directors' responsibilities relating to the directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in 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 estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

For the year ended 31 March 2020 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies. Members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Income statement and other comprehensive income
for the year ended 31 March 2020

	2020 £000	2019 £000
Revenue	-	-
Operating costs	-	-
	<hr/>	<hr/>
Operating profit	-	-
Gains on sales and valuation of investment properties	-	-
	<hr/>	<hr/>
Profit before taxation	-	-
Tax on profit	-	-
	<hr/>	<hr/>
Profit for the financial year	-	-
Other comprehensive income for the year net of tax		-
	<hr/>	<hr/>
Total comprehensive income for the financial year	-	-
	<hr/>	<hr/>

The results presented above are all derived from the Company's continuing operations.

The notes on pages 7 to 12 form an integral part of these financial statements.

Statement of financial position

at 31 March 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Current assets					
Trade and other receivables	6	34,183		34,183	
Current liabilities					
Trade and other payables	7	(22,446)		(22,446)	
Net current assets			11,737		11,737
Provisions for liabilities					
Deferred tax	8		-		-
Net assets			11,737		11,737
Capital and reserves					
Called up share capital	9		-		-
Retained earnings	10		11,737		11,737
Shareholders' funds			11,737		11,737

The notes on pages 7 to 12 form an integral part of these financial statements.

The directors:

- (a) confirm that the company was entitled to exemption under subsections (1) and (2) of section 480 of the Companies Act 2006 relating to dormant companies from the requirement to have its financial statements for the financial year ended 31 March 2020 audited;
- (b) confirm that members have not required the company to obtain an audit of its financial statements for that financial year in accordance with section 476 of the Companies Act 2006; and
- (c) acknowledge their responsibilities for:
 - (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and
 - (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements of East Midlands Airport Property Investments (Hotels) Limited, registered number 07088376, were approved by the board of directors on 26 March 2021 and were signed on its behalf by:



J Bramall
Director

Statement of changes in equity
for the year ended 31 March 2020

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
Balance at 1 April 2019	-	11,737	11,737
Balance at 31 March 2020	-	11,737	11,737

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
Balance at 1 April 2018	-	10,335	10,335
Transfer of deferred tax to equity	-	1,402	1,402
Balance at 31 March 2019	-	11,737	11,737

The notes on pages 7 to 12 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

East Midlands Airport Property Investments (Hotels) Limited (the 'Company') is a company limited by shares and incorporated and domiciled in the UK. The registered number is 7088376 and the registered address is 6th Floor, Olympic House, Manchester Airport, M90 1QX.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102') as issued in August 2014. The amendments to FRS102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Manchester Airports Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Manchester Airports Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public, and may be obtained from Olympic House, Manchester Airport, M90 1QX.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 relating to the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the year;
- Cash flow statement and related notes; and
- Key management personnel compensation.

The Company has taken advantage of section 33.1A of FRS 102 and has not disclosed transactions with fellow Group companies.

As the consolidated financial statements of Manchester Airports Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available relating to the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* relating to financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out over the page have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes to the financial statements (*continued*)

1.2 *Going concern*

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on entities within the Manchester Airports Holdings Limited Group not seeking repayment of the amounts currently due to the group, which on 31 March 2020 amounted to £22,446,000 and providing additional financial support during that period. Manchester Airports Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, continued support is dependent on the ability of the Manchester Airports Holdings Limited group being able to settle its liabilities as they fall due. The directors of Manchester Airports Holdings Limited have concluded that a material uncertainty exists over the Manchester Airports Holdings Limited group's ability to continue as a going concern as detailed in the basis of preparation on page 50-51 of Manchester Airports Holdings Limited annual report which is publicly available on the company website or Companies House.

1.3 *Classification of financial instruments issued by the Company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

1.5 *Basic financial instruments*

Trade and other receivables/payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument.

2 Notes to the income statement

Auditor's remuneration:

Amounts receivable by the Company's auditor and the auditor's associates relating to services to the Company have been borne by the Company's ultimate parent, Manchester Airports Holdings Limited. The directors believe that the proportion of the consolidated fee applicable to the Company based on services provided is £nil (2019: £6,000).

3 Remuneration of directors

C Cornish, K O'Toole and N Thompson were directors of Manchester Airports Holdings Limited during the year, and their aggregate remuneration is disclosed in that company's consolidated financial statements. The directors believe that the proportion of their aggregate remuneration applicable to the Company based on services provided is £nil (2019: £96,309).

4 Staff numbers and costs

The Company had no employees during the year (2019: nil). The remuneration of the directors has been borne by a fellow Group company, Manchester Airports Holdings Limited.

Notes to the financial statements (continued)

5 Taxation

Total tax expense recognised in the income statement

	2020 £000	2020 £000	2019 £000	2019 £000
<i>UK corporation tax</i>				
Current tax on income for the year	-	-	-	-
Total current tax		-		-
<i>Deferred Tax</i>				
Origination/reversal of timing differences	-	-	-	-
Total deferred tax		-		-
Tax on profit		-		-

Total tax expense recognised in the income statement, other comprehensive income and equity

	2020 Current tax £000	2020 Deferred tax £000	2020 Total tax £000	2019 Current tax £000	2019 Deferred tax £000	2019 Total tax £000
Recognised in income statement	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	(1,402)	(1,402)
Total tax				-	(1,402)	(1,402)

Reconciliation of effective tax rate

	2020 £000	2019 £000
<i>Current tax reconciliation</i>		
Profit for the year	-	-
Total tax expense	-	-
Profit before tax	-	-
Profit before tax multiplied by the standard rate of corporation tax of 19% (2019: 19%)	-	-
<i>Effects of:</i>		
Expenses not deductible	-	-
Total tax expense included in the income statement	-	-

Factors that may affect future current and total tax charges

The UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset and liability amounts at 31 March 2020 have been calculated at 19% (2019: 17%).

Notes to the financial statements *(continued)*

6 Trade and other receivables

	2020 £000	2019 £000
Amounts due from group undertakings	34,183	34,183
	<u>34,183</u>	<u>34,183</u>

Amounts due from group undertakings are unsecured, interest free and are repayable on demand.

7 Trade and other payables

	2020 £000	2019 £000
Amounts owed to group undertakings	22,446	22,446
	<u>22,446</u>	<u>22,446</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

8 Deferred tax assets and liabilities

	Deferred tax on investment properties £000
At 1 April 2019	-
Transfer to equity	-
	<u>-</u>
At 31 March 2020	-
	<u>-</u>
	Deferred tax on investment properties £000
At 1 April 2019	(1,402)
Transfer to equity	<u>1,402</u>
At 31 March 2020	-
	<u>-</u>

The deferred tax balance has been transferred to equity in the prior year, following the transfer of investment properties to East Midlands Airport International Limited.

Notes to the financial statements (*continued*)

9 Called up share capital

	2020 £000	2019 £000
<i>Issued, called up and fully paid</i>		
1 Ordinary share of £1	-	-

10 Reserves

2020

	Retained earnings £000
At beginning of year	11,737
Transfer to equity	-
At 31 March 2020	11,737

2019

	Retained earnings £000
At beginning of year	10,335
Transfer to equity	1,402
At 31 March 2019	11,737

11 Contingent liabilities

Under the Common Terms Agreement signed on 14 February 2014, the Company and a number of its fellow subsidiaries have entered into a security agreement with the Group's bondholders and banks. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets. The total amount outstanding under this agreement at 31 March 2020 is £1,923.3m (2019: £1,230.7m).

12 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of East Midlands International Airport Limited. The smallest Group in which the results of the Company are consolidated is that headed by Manchester Airport Group Investments Limited. The Company's ultimate parent is Manchester Airports Holdings Limited. The consolidated financial statements of this Group are available to the public and may be obtained from the Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX, or via the website at www.magairports.com.