Travel Parking Group Limited

Annual report and unaudited financial statements

Registered number 07235776

Year ended 31 March 2022

Contents

Directors' report

The directors present their Directors' report and unaudited financial statements of Travel Parking Group Limited ('the Company') for the year ended 31 March 2022.

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

The principal activity of the Company during the year was acting as a holding company and licensing of its intellectual property to its wholly-owned subsidiary, Looking4Parking Limited.

Business review and future outlook

The results for the year are set out on page 5. During the year, the Company recorded a loss before tax of £421,000 (2021: profit of £141,000). At 31 March 2022 the Company had net assets of £1,604,000 (2021: £1,335,000). During the year, the Company issued a share, attracting share premium of £576,000, more than offsetting the loss for the year and contributing to the net assets increase.

Manchester Airports Holdings Limited and its subsidiaries (including the Company) are referred to below as 'MAG' or 'the Group'.

Impact and recovery from COVID-19

For the second consecutive year, this report paints a picture of an aviation sector that was severely impacted by the international travel restrictions introduced in response to the coronavirus pandemic. As the effects of the COVID-19 pandemic on the aviation industry have fluctuated, at MAG we have balanced our ability to manage our costs and liquidity against maintaining our infrastructure to enable future growth.

At the start of April 2021, all non-essential travel to and from the UK was prohibited, with many of the Group's most important markets effectively closed. We were joined by others in our industry in calling for a risk-based approach to restrictions, so that travel to different markets could be opened up depending on factors such as case rates and vaccination levels.

The Government's Global Travel Taskforce responded to this with its "traffic light system," which categorised countries as red, amber or green, with different restrictions applying in each case. While this appeared a positive development, a succession of changes – both to the categories themselves and to the countries within each designation – continued to cause uncertainty for the industry and consumers.

This meant that, for long periods of this year, passenger volumes remained significantly lower than they were pre-pandemic, with British travellers often subject to more stringent controls than those experienced in other countries. These measures resulted in a slower recovery in demand over Summer 2021 compared to most European countries.

However, the emergence and rapid spread of the Omicron variant in November hindered the sector's recovery once more, with the temporary re-introduction of complex, multi-stage testing requirements for people travelling to the UK. This change dramatically reduced passenger volumes and impacted our ability to plan ahead for a meaningful recovery.

Faced with these challenges, we were at the forefront of research to demonstrate the ineffectiveness of testing and quarantine requirements in preventing the spread of new variants, and highlight the significant economic impact caused by holding back the recovery of aviation.

The Government recognised these findings when it removed the remaining restrictions for fully vaccinated passengers at the turn of the calendar year, while also indicating such controls will only be re-introduced in exceptional circumstances.

This development sparked a rapid return of demand to the market, with passenger numbers rising sharply towards the end of the financial year. That trend has continued into the new period, with traffic across the Group in April 2022 reaching 80% of 2019 levels, rising to 85% by July 2022.

Like all airports across the UK, it has been challenging to build back our staffing levels quickly enough to meet this returning demand. This has meant we have at times seen disruption at some of our airports. But our major recruitment campaigns at all three Group airports are delivering results, and we expect to have the resources we need in place ahead of the busy 2023 summer season.

The fact this improved outlook only materialised in the final month of the financial year means it has had limited impact on the performance of the Group during the period covered by this report.

Directors' report *(continued)*

Business review *(continued)*

Impact and recovery from COVID-19 (continued)

Passenger volumes across the Group in FY22 were 20.5m. While this was up on the 6.3m served in FY21, it was still significantly lower than the 59.6m recorded in FY20.

The past two years have been exceptionally difficult and we know that our recovery over the coming months will not be without its challenges. Our immediate focus is on rebuilding resource in our operation but we cannot ignore the strategic risks presented by external factors such as geopolitical stability and the war in Ukraine, the growing cost of living crisis here in the UK, and the relative insecurity of energy and fuel supplies. We are monitoring these and other risks closely to ensure we are ready for any further disruption we might face in due course.

Climate change

With climate change the defining issue of our time, it is particularly notable that MAG has been named a Financial Times European Climate Leader for 2021 and 2022, recognising our longstanding commitment to decarbonise our business and the wider aviation industry.

Over the last 12 months we have continued to demonstrate our commitment to delivering our five-year CSR Strategy – "Working together for a brighter future". Despite the challenges of the pandemic, the Group has made progress towards decarbonising our business and the wider aviation industry, ensured that education and training resources remained accessible, and provided support to our local communities when they needed it most.

Throughout this year, we have maintained our focus on building a sustainable future for our business. We remain committed to decarbonising aviation and are on track to achieve our goal of net zero for our operations by 2038 ahead of the Governments 2050 goal.

MAG continues to meet the 'comprehensive' standard for disclosures established by the Global Reporting Initiative, including the publication of a new climate data compendium. This report has also been enhanced, responding to recommendations from the Task Force on Climate-Related Financial Disclosures, demonstrating the focus MAG places on the risks posed by climate change and ensuring MAG's strategic and CSR reporting reflect the changes to environmental, social and governance (ESG) needs of investors. The Task Force on Climate-Related Finance Disclosure can be found on pages 75 and 76 in the Manchester Airports Holdings Limited annual report.

Our mature understanding of physical climate risks directly informs asset standards and infrastructure planning. Further work to consider the financial implications of climate change will position MAG well as economies more generally decarbonise.

Principal risks and uncertainties

The key risks faced by the Company are aligned with those of Manchester Airports Holdings Limited. The key risks for the Company are the long term implication of Brexit and wider macroeconomic risks and climate change. For more details of these risks, and how they are managed please refer to pages 69 to 74 of 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')

The key performance indicators for the Company are aligned with those of the Group. The directors have not used any additional KPIs for the Company and those that are relevant to the Company are detailed in the table below.

	2022	2021
	£000	£000
(Loss)/profit before tax	(421)	141

Directors

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

J Bramall	
M Jones	(appointed 4 March 2022)
K O'Toole	(resigned 24 February 2022)
B Miller	(resigned 24 February 2022)

Directors' report *(continued)*

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 at least 12 months from the date of approval of these financial statements which indicate that, taking account the ongoing impact of COVID-19, the Company will have sufficient funds, through funding from 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 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 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. Under the severe but plausible downside scenario, the leverage test in March 2023 would be expected to breach the Group's covenant terms when tested. In such an event MAG would engage with its secured creditors in order to look to obtain further covenant waivers or amendments. In making this assessment, the Directors have considered the latest forecast position taking account of current economic assumptions including consumer spending, inflation, energy prices and the mini budget announced by the UK government on 23 September 2022

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 which 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.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

Post Balance Sheet Events

Subsequent to the year end, on 27 May 2022 the Group completed the refinancing of its revolving credit and liquidity facilities ('RCF' and 'LF'), details of which can be found in note 14 to the financial statements.

By order of the Board

J Bramall
Director

7 December 2022

6th 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ending 31 March 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary 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 period ended 31 March 2022

	Note	**2022 £000**	2021 £000
Revenue		**300**	300
Operating costs	2	**(721)**	(159)
(Loss)/profit before tax		**(421)**	141
Taxation	4	**114**	(64)
(Loss)/profit for the financial year		**(307)**	77
Other comprehensive income for the year net of tax		-	-
Total comprehensive (expense)/income for the year		**(307)**	77

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

The notes on pages 8 to 19 form an integral part of these financial statements.

Statement of financial position
at 31 March 2022

	Note	**2022 £000**	**2022 £000**	2021 £000	2021 £000
Non-current assets					
Intangible assets	*5*		**-**		714
Tangible assets	*6*		**81**		82
Investments	*7*		**1,679**		1
			1,760		797
Current assets					
Trade and other receivables	*8*	**-**		1,116	
Cash at bank and in hand		**-**		1	
		-		1,117	
Current liabilities					
Trade and other payables	*9*	**(156)**		(409)	
Net current assets/(liabilities)			**(156)**		708
Total assets less current liabilities			**1,604**		1,505
Non-current liabilities	*10*		**-**		(170)
Net assets			**1,604**		1,335
Capital and reserves					
Called up share capital	*11*		**501**		501
Share premium	*11*		**576**		-
Retained earnings	*12*		**(124)**		183
Capital contribution reserve	*12*		**651**		**651**
Shareholders' funds			**1,604**		1,335

The notes on pages 8 to 19 form an integral part of these financial statements.

- For the year ending 31 March 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- The directors 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:
  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 Travel Parking Group Limited, registered number 07235776, were approved by the board of directors on 7 December 2022 and were signed on its behalf by:

J Bramall
Director

Statement of changes in equity
for the year ended 31 March 2022

2022	**Share capital**	**Share premium**	**Retained earnings**	**Capital Contribution reserve**	**Total shareholders' funds**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	**501**	**-**	**183**	**651**	**1,335**
Loss for the year	-	-	(307)	-	(307)
Total comprehensive expense for the year	**-**	**-**	(307)	**-**	(307)
Transactions with owners recorded directly in equity					
Share issue	-	576	-	-	576
At 31 March 2022	**501**	**576**	**(124)**	**651**	**1,604**

2020	Share capital	Share Premium	Retained earnings	Capital contribution reserve	Total shareholders' funds
	£000	£000	£000	£000	£000
At 1 April 2020	**501**	**-**	**106**	**-**	**607**
Profit for the year	-	-	77	-	77
Total comprehensive income for the year	**-**	**-**	**77**	**-**	**77**
Transactions with owners recorded directly in equity					
Capital contribution	-	-	-	651	651
At 31 March 2021	**501**	**-**	**183**	**651**	**1,335**

The notes on pages 8 to 19 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Travel Parking Group Limited (the 'Company') is a company limited by shares and incorporated and domiciled in the UK, with registered number 07235776. The registered address of the Company is 6th Floor, Olympic House Manchester Airport Manchester, M90 1QX.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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'*). 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 and 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:

- Cash flow statement and related notes; and
- Key management personnel compensation.

The Company has taken advantage of section 33.1A of FRS 102 and 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 accounting policies set out below 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.

1.2 Going concern and basis of preparation

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 at least 12 months from the date of approval of these financial statements which indicate that, taking account the ongoing impact of COVID-19, the Company will have sufficient funds, through funding from its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern and basis of preparation

Those forecasts are dependent on Manchester Airports Holdings Limited 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 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. Under the severe but plausible downside scenario, the leverage test in March 2023 would be expected to breach the Group's covenant terms when tested. In such an event MAG would engage with its secured creditors in order to look to obtain further covenant waivers or amendments. In making this assessment, the Directors have considered the latest forecast position taking account of current economic assumptions including consumer spending, inflation, energy prices and the mini budget announced by the UK government on 23 September 2022.

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 which 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.

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.

1.4 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.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment, with changes recognised in other comprehensive income.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.5 Revenue

Turnover represents licence fee income to the Company's wholly-owned subsidiary, Looking4Parking Limited, at invoiced amounts less discounts given and value added tax. The revenue is recognised as the risks and rewards are transferred.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

The estimated useful lives are as follows:

Leasehold land and buildings - 50 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last Annual Reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Operating costs'.

1.7 Intangible assets

Intangible assets are stated at cost less amortisation or impairment provision where necessary. Intangible assets are amortised over the useful economic lives of the assets. Amortisation is calculated at the following annual rates on a straight line basis:

Intellectual property - 15 years
Software and contracts - 10 years

Goodwill and intellectual property arising on the purchase of trade and assets is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful economic life, from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.8 Investments

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals are of impairment losses are recognised immediately in profit and loss.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable relating to previous years.

Deferred tax is provided on timing differences that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable, or are disallowable for tax, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. For investment property that is measured at

fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.11 Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss relating to a financial asset measured at amortised cost is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between an asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised relating to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Critical accounting estimates and judgements

In applying the Company's accounting policies, the Company has made estimates and judgements concerning the future. Estimates and judgements 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. Actual results may, however, differ from the estimates calculated and management believe that the following are the more significant judgement affecting these financial statements.

Judgements

In applying the Group's accounting policies, the Group has made key judgements. Management believe that going concern category contains the more significant judgements impacting these financial statements.

Going concern

The directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account the ongoing impact of COVID-19, the Company will have sufficient funds, through funding from its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.12 Critical accounting estimates and judgements *(continued)*

Going concern (continued)

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. Under the severe but plausible downside scenario, the leverage test in March 2023 would be expected to breach the Group's covenant terms when tested. In such an event MAG would engage with its secured creditors in order to look to obtain further covenant waivers or amendments. In making this assessment, the Directors have considered the latest forecast position taking account of current economic assumptions including consumer spending, inflation, energy prices and the mini budget announced by the UK government on 23 September 2022.

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 which 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.

2 Notes to the income statement

Profit before taxation is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible fixed assets	**1**	2
Amortisation of intangible fixed assets	**714**	154

3 Remuneration of directors

J Bramall, K O'Toole, B Miller and M Jones were directors of Manchester Airports Holdings Limited during the year, and their aggregate remuneration is disclosed in that company's consolidated financial statements.. The proportion of their aggregate remuneration applicable to the Company based on services provided is £1,000 (2021: £1,000).

Notes to the financial statements *(continued)*

4 Taxation

Total tax (credit)/expense recognised in the income statement

	2022 £000	2022 £000	2021 £000	2021 £000
UK corporation tax				
Current tax on profit for the year	**56**		38	
Adjustment in respect of prior periods	**(170)**		26	
Total current tax		**(114)**		64
Total tax (credit)/expense		**(114)**		64

Reconciliation of effective tax rate

	2022 £000	2021 £000
Current tax reconciliation		
(Loss)/profit for the year	**(307)**	77
Total tax (credit)/expense	**(114)**	64
(Loss)/profit before tax	**(421)**	141
(Loss)/profit before tax multiplied by the standard rate of corporation tax of 19% (2021: 19%)	**(80)**	27
Effects of:		
Expenses not deductible	**136**	11
Adjustments to current tax charge in respect of previous periods	**(170)**	26
Total tax (credit)/expense included in the income statement	**(114)**	64

The prior year tax movements primarily relate to changes in assumptions regarding 2021 profit levels, including the utilisation of 2022 losses and group relief.

Factors that may affect future current and total tax charges

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 March 2022.

Notes to the financial statements *(continued)*

5 Intangible fixed assets

	Intellectual property £000	Software and contracts £000	Total £000
Cost			
At 1 April 2021	1,500	569	2,069
At 31 March 2022	**1,500**	**569**	**2,069**
Amortisation			
At 1 April 2021	1,136	219	1,355
Charge for the year	364	350	714
At 31 March 2022	**1,500**	**569**	**2,069**
Carrying amount			
At 31 March 2022	-	-	-
At 31 March 2021	364	351	714

Accelerated amortisation

Following a restructure of the group of companies headed by CAVU Group Limited (which the Company is a member of), management do not deem the intangible assets to have a useful economic life beyond 31 March 2022. As a result, amortisation on intangible assets has been accelerated to write down the assets to nil at 31 March 2022.

Notes to the financial statements *(continued)*

6 Fixed assets

	Land and Buildings £000
Cost	
At 1 April 2021	91
At 31 March 2022	**91**
Depreciation	
At 1 April 2021	9
Charge for the year	1
At 31 March 2022	**10**
Net book value	
At 1 April 2021	82
At 31 March 2022	**81**

7 Investments

	Shares in group undertakings £000
Cost and carrying amount	
At 1 April 2021	1
Additions in the year	1,678
At 31 March 2022	**1,679**

	Country of incorporation	**Principal activity**	**Class of shares held**	**Percentage of of shares held**
CAVU Ecommerce (EMEA) Limited (formerly Looking4Parking Limited)	England & Wales	Trading Company	Ordinary	100%

The registered office for the above company is 6th Floor, Olympic House, Manchester Airport, Manchester, M90 1QX.

Impairment

The impairment testing calculated the recoverable amount of the investment in subsidiaries and amounts owed by group undertakings by comparing the carrying value to the value in use. Key assumptions for these calculations are those regarding discount rates, terminal value growth rates, expected changes to passenger and revenue growth rates, EBITDA margin and the level of capital expenditure required to support trading.

Notes to the financial statements *(continued)*

7 Investments *(continued)*

Impairments (continued)

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the Board covering five years and a detailed longer term forecast to cover a further 20 years beyond that point. The budget reflected the business's best view of the timing and rate of recovery to pre-COVID-19 activity levels. These projections for the timing and rate of passenger recoveries are in line with the projections used for going concern. For the purposes of the impairment assessment the business reflected the budget for the first 5 years and considered a terminal value based upon a long-term growth reflecting estimated rates of inflation. The business used a budget of 5 years advised under FRS 102.

Additions

During the year, the Company further invested in 1,678,000 share issue of £1 each from CAVU Ecommerce (EMEA) Limited (formerly Looking4Parking Limited).

8 Trade and other receivables

	2022	2021
	£000	£000
Amounts owed by group undertakings	-	1,116
Other receivables	-	-
	-	1,116

Amounts owed by group undertakings of £nil (2021: £1,116,000) were unsecured, interest-free and repayable on demand.

9 Trade and other payables

	2022	2021
	£000	£000
Amounts owed to group undertakings	**156**	38
Other taxation and social security	-	120
Accruals and deferred income	-	251
	156	409

Amounts owed to group undertakings of £156,000 (2021: £38,000) are unsecured, interest-free and repayable on demand.

10 Non-current liabilities

	2022	2021
	£000	£000
Provision for tax liability	-	170
	-	170

Notes to the financial statements *(continued)*

11 Called up share capital

	2022	2021
	£000	£000
Issued, called up and fully paid		
501,309 Ordinary shares of £1 each	**501**	501

On 29 March 2022, the Company issued a £1 share to parent undertaking Airport Services International Limited, attracting share premium of £576,000.

12 Reserves

2022	**Share premium**	**Capital contribution reserve**	**Retained earnings**
	£000	**£000**	**£000**
At 1 April 2021	-	651	183
Loss for the year	-	-	(307)
Share issue	576	-	576
At 31 March 2022	**576**	**651**	**(124)**

On 29 March 2022, the Company issued a £1 share to parent undertaking Airport Services International Limited, attracting share premium of £576,000.

2021	Capital contribution reserve £000	Retained earnings £000
At 1 April 2020	-	106
Profit for the year	-	77
Capital contribution	651	-
At 31 March 2021	651	183

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

The Company is a subsidiary undertaking of Agency of the North 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 these groups 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.

Notes to the financial statements *(continued)*

14 Post balance sheet events

Subsequent to the year end, on 27 May 2022 the Group completed the refinancing of its revolving credit and liquidity facilities ('RCF' and 'LF'), comprising a £500m revolving credit facility and £90m in standby liquidity facilities, each with a five year term, maturing in May 2027, with optional extensions. The liquidity facility is sized to cover 12 months interest on secured debt and is a 364-day revolving facility with a five year term on each annual renewal. The facilities replace similar facilities that were due to mature in June 2023. These new facilities ensure sufficient headroom throughout the business plan period to ensure compliance with the Group's internal treasury policy. Both the RCF and LF are held within fellow group undertaking Manchester Airport Group Finance Limited, and drawings from the facility are transferred within the Group in line with the Group's internal treasury policy.