

Birmingham Airport Air Traffic Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2023



Registration number: 08201487

Birmingham Airport Air Traffic Limited

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Birmingham Airport Air Traffic Limited

Company Information

Chairman T Clarke

Chief Executive N Barton

Directors N Barton

T Clarke

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 Philips Place
Birmingham
West Midlands
B3 2PT

Birmingham Airport Air Traffic Limited

Directors' Report for the Year Ended 31 March 2023

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

Principal activities

The principal activity is the provision of air traffic services at Birmingham Airport.

Future developments

Continued provision and development of air traffic services at Birmingham Airport.

Results and dividends

The profit for the financial year amounted to £45,648 (2022: £47,790). The dividends paid or approved in the year amounted to £nil (2022: £nil).

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006 section 415A.

Strategic Report

The Directors have not prepared a strategic report as the Company is exempt from preparing one under the small company exemption.

Risks

The recruitment and retention of air traffic controllers is seen as a business risk. The Company have put measures in place to mitigate these risks.

Directors of the Company

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

T Clarke - Chairman

N Barton - Chief Executive

S L C Richards

Approved by the Board on 22 June 2023 and signed on its behalf by:

Simon Richards
S L C Richards
Company Secretary

Birmingham Airport Air Traffic Limited

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- *select suitable accounting policies and apply them consistently;*
- *make judgements and accounting estimates that are reasonable and prudent;*
- *state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 22 June 2023 and signed on its behalf by:

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

Birmingham Airport Air Traffic Limited
Income Statement for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	6,680,065	5,207,573
Administrative expenses		(6,620,065)	(5,218,557)
Other operating income	5	-	70,983
Operating profit		60,000	59,999
Interest receivable and similar income	8	897	-
Interest payable and similar expenses		-	(5,541)
Profit on ordinary activities before taxation		60,897	54,458
Tax on profit on ordinary activities	10	(15,249)	(6,668)
Profit for the financial year		<u>45,648</u>	<u>47,790</u>

The above results were derived from continuing operations.

The notes on pages 7 to 15 form an integral part of these financial statements.

Birmingham Airport Air Traffic Limited**(Registration number: 08201487)****Statement of Financial Position as at 31 March 2023**

	Note	2023 £	2022 £
Current assets			
Debtors	11	551,547	658,341
Creditors: Amounts falling due within one year	12	<u>(396,294)</u>	<u>(548,736)</u>
Net current assets		<u>155,253</u>	<u>109,605</u>
Total assets less current liabilities		<u>155,253</u>	<u>109,605</u>
Net assets		<u>155,253</u>	<u>109,605</u>
Capital and reserves			
Called up share capital	13	100	100
Retained earnings		<u>155,153</u>	<u>109,505</u>
Total equity		<u>155,253</u>	<u>109,605</u>

For the financial year ending 31 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

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

Approved and authorised by the Board on 22 June 2023 and signed on its behalf by:

Tim Clarke

T Clarke

Chairman

The notes on pages 7 to 15 form an integral part of these financial statements.

Birmingham Airport Air Traffic Limited
Statement of Changes in Equity for the Year Ended 31 March 2023

	Note	Called up share capital £	Retained earnings £	Total equity £
At 1 April 2021		100	61,715	61,815
Profit for the financial year		-	47,790	47,790
At 31 March 2022		100	109,505	109,605
At 1 April 2022		100	109,505	109,605
Profit for the financial year		-	45,648	45,648
At 31 March 2023		100	155,153	155,253

The notes on pages 7 to 15 form an integral part of these financial statements.

Birmingham Airport Air Traffic Limited

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

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with FRS 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.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying company accounting policies. The areas involving a higher degree of judgement of complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions and 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)).

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

Related party transactions

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

Birmingham Airport Air Traffic Limited

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

2 Accounting policies (continued)

Going concern

The group of companies to which the Company belongs has external debt facilities in the form of £371 million of private placement loan notes and 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. 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.

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.

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.

These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

Revenue recognition

Turnover represents net sales of air traffic and other services sold to other companies within the Birmingham Airport Holdings Limited group, exclusive of trade discounts and value added tax and are recognised in the period to which they relate on an accruals basis.

All turnover arose in the United Kingdom.

Birmingham Airport Air Traffic Limited

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

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Birmingham Airport Air Traffic Limited

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

2 Accounting policies (continued)

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments. The Company's financial instruments are all categorised as basic financial instruments.

Basic financial assets, including trade and other receivables and amounts owed from group undertakings, are initially recognised at transaction price and subsequently at amortised cost. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, and subsequently at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3 Critical accounting judgements and estimation of uncertainty

The Company makes relatively few judgments and estimates in preparing the financial statements and where the Directors have had to make provisions they are reasonable and prudent. Estimates and 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.

4 Turnover

The analysis of the company's turnover for the year by class of business is as follows:

	2023	2022
	£	£
Air traffic services	<u>6,680,065</u>	<u>5,207,573</u>

Birmingham Airport Air Traffic Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****5 Other operating income**

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Government grants	<u>-</u>	<u>70,983</u>

In the prior year government grant income was received in relation to the Coronavirus Job Retention Scheme (CJRS) of £70,983 and was recognised as other operating income on a systematic basis over the period in which the Company recognises the related costs for which the grant is intended to compensate.

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£	£
Wages and salaries	4,600,385	3,559,310
Social security costs	586,080	464,379
Other pension costs (note 14)	<u>475,799</u>	<u>439,600</u>
	<u>5,662,264</u>	<u>4,463,289</u>

The average monthly number of persons employed by the Company (including the Directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Management and administration	6	6
Air traffic operations	<u>48</u>	<u>47</u>
	<u>54</u>	<u>53</u>

7 Directors' emoluments

The Directors did not receive any emoluments in respect of their services to the company (2022: £nil). Directors are remunerated by Birmingham Airport Holdings Limited and costs are not recharged. Total emoluments are included within the aggregate key management personnel compensation in the financial statements of the ultimate parent.

8 Interest receivable and similar income

	2023	2022
	£	£
Interest income from group undertakings	<u>897</u>	<u>-</u>

Birmingham Airport Air Traffic Limited
Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Interest payable and similar charges

	2023	2022
	£	£
Interest on loans from group undertakings	-	5,541

10 Tax on profit

Tax charged in the income statement

	2023	2022
	£	£
Current taxation		
UK corporation tax	(76)	11,146
Deferred taxation		
Origination and reversal of timing differences	11,646	(799)
Impact of changes in tax rates and laws	3,679	(3,679)
Total deferred taxation	15,325	(4,478)
Tax on profit	15,249	6,668

The tax on profit on ordinary activities before taxation for the year is higher than the standard rate of corporation tax in the UK (2022: higher than the standard rate of corporation tax in the UK) of 19% (2022: 19%).

The differences are reconciled below:

	2023	2022
	£	£
Profit on ordinary activities before taxation	60,897	54,458
Corporation tax at standard rate	11,570	10,347
Arising from changes in tax rates or laws	3,679	(3,679)
Total tax charge for the year	15,249	6,668

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 Air Traffic Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****11 Debtors**

	2023	2022
	£	£
Amounts owed by group undertakings	551,547	643,016
Deferred tax assets	-	15,325
	<u>551,547</u>	<u>658,341</u>

The amounts owed by group undertakings are unsecured, there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand.

Deferred tax

	2023	2022
	£ 000	£ 000
Deferred tax asset movement		
Opening deferred tax asset	15,325	10,847
Other timing difference movement	(15,325)	4,478
Closing deferred tax asset	<u>-</u>	<u>15,325</u>

Deferred tax assets consists of the following:

	Asset
2022	£
Post employment benefits	<u>15,325</u>

12 Creditors: Amounts falling due within one year

	2023	2022
	£	£
Due within one year		
Corporation tax	66,038	66,114
Other taxation and social security	138,384	93
Accruals and deferred income	191,872	482,529
	<u>396,294</u>	<u>548,736</u>

13 Called up share capital**Allotted, called up and fully paid shares**

	No.	2023	No.	2022
		£		£
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Birmingham Airport Air Traffic Limited

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

13 Called up share capital (continued)

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.

14 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £475,799 (2022: £439,600). Contributions totalling £nil (2022: £58,400) were payable to the scheme at the end of the year and are included in creditors.

15 Contingent liabilities

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

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

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

On 23 January 2020, the Company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £85 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 23 January 2020. The senior notes are for a period of 30 years maturing 24 January 2050 and carry a fixed interest rate of 2.44 per cent per annum.

On 21 May 2020, the Company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £45 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 21 May 2020. The senior notes are for a period of 30 years maturing 21 May 2050 and carry a fixed interest rate of 2.49 per cent per annum.

On 16 January 2019, the Company along with other group members of Birmingham Airport Holdings Limited, provided guarantees to Royal Bank of Scotland PLC in support of a £25 million banking facility made available to Birmingham Airport Holdings Limited. The facility 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).

Birmingham Airport Air Traffic Limited

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

16 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.

17 Parent and ultimate parent undertaking

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

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

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