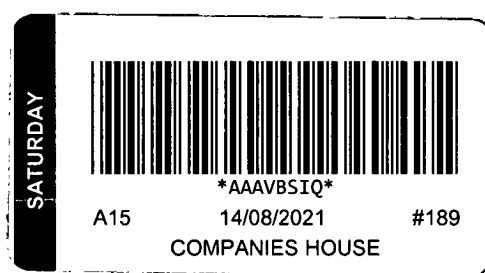


Birmingham Airport Air Traffic Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2021



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	T Clarke
	N Barton
	S L C Richards
Company Secretary	F Penhallurick
Registered office	Diamond House Birmingham Airport Birmingham West Midlands B26 3QJ
Solicitors	Eversheds LLP 115 Colmore Row Birmingham West Midlands B3 3AL
Bankers	National Westminster bank plc 2 St Philips Place Birmingham West Midlands B3 2PP

Birmingham Airport Air Traffic Limited

Directors' Report for the Year Ended 31 March 2021

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

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 £17,298 (2020: £44,418). The dividends paid or approved in the year amounted to £- (2020: £36,973).

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 30 June 2021 and signed on its behalf by:



F Penhallurick
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 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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



F Penhallurick
Company Secretary

Birmingham Airport Air Traffic Limited
Income Statement for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	4,868,200	5,916,162
Administrative expenses		(5,210,854)	(5,856,162)
Other operating income	5	<u>402,654</u>	<u>-</u>
Operating profit		60,000	60,000
Interest payable and similar expenses		<u>(24,900)</u>	<u>(8,645)</u>
Profit on ordinary activities before taxation		35,100	51,355
Tax on profit on ordinary activities	9	<u>(17,802)</u>	<u>(6,937)</u>
Profit for the financial year		<u><u>17,298</u></u>	<u><u>44,418</u></u>

The above results were derived from continuing operations.

Birmingham Airport Air Traffic Limited**(Registration number: 08201487)****Statement of Financial Position as at 31 March 2021**

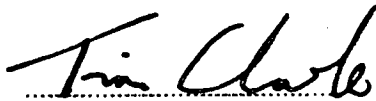
	Note	2021 £	2020 £
Current assets			
Debtors	10	824,491	804,974
Creditors: Amounts falling due within one year	11	<u>(762,676)</u>	<u>(760,457)</u>
Net current assets		<u>61,815</u>	<u>44,517</u>
Total assets less current liabilities		<u>61,815</u>	<u>44,517</u>
Net assets		<u>61,815</u>	<u>44,517</u>
Capital and reserves			
Called up share capital	13	100	100
Retained earnings		<u>61,715</u>	<u>44,417</u>
Total equity		<u>61,815</u>	<u>44,517</u>

For the financial year ending 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

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

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



T Clarke

Chairman

Birmingham Airport Air Traffic Limited**Statement of Changes in Equity for the Year Ended 31 March 2021**

	Note	Called up share capital £	Retained earnings £	Total equity £
At 1 April 2019		100	36,972	37,072
Profit for the financial year		-	44,418	44,418
Total comprehensive income for the year		-	44,418	44,418
Dividends		-	(36,973)	(36,973)
At 31 March 2020		100	44,417	44,517
At 1 April 2020		100	44,417	44,517
Profit for the financial year		-	17,298	17,298
At 31 March 2021		100	61,715	61,815

The notes on pages 7 to 16 form an integral part of these financial statements.

Birmingham Airport Air Traffic Limited

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

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 2021 *(continued)*

2 Accounting policies (continued)

Going concern

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

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

The Directors have also considered the continuing uncertainties facing the Group and Company over the next two years and carried out financial modelling of a range of trading scenarios along with the actions which could be taken in response.

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertain course of the Coronavirus pandemic and its impact on the ability of the Group to meet its covenant tests, and to take corrective measures should it not be able to do so, continue to cast some doubt in the medium-term on the Group and Company's ability to continue as a going concern and continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

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.

Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as exceptional items. These are disclosed separately in note to provide further understanding of the financial performance of the company.

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.

Birmingham Airport Air Traffic Limited

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

2 Accounting policies (continued)

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.

Dividends

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

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 2021 *(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.

Birmingham Airport Air Traffic Limited

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

4 Turnover

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

	2021	2020
	£	£
Air traffic services	<u>4,868,200</u>	<u>5,916,162</u>

5 Other operating income

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

	2021	2020
	£	£
Government grants	<u>402,654</u>	<u>-</u>

Government grant income has been received in the year in relation to the Coronavirus Job Retention Scheme (CJRS) of £402,645 (2020: £nil) and is 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:

	2021	2020
	£	£
Wages and salaries	3,742,674	4,227,230
Social security costs	441,083	475,572
Other pension costs (note 14)	<u>430,634</u>	<u>430,458</u>
	<u>4,614,391</u>	<u>5,133,260</u>

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

	2021	2020
	No.	No.
Management and administration	6	6
Air traffic operations	<u>48</u>	<u>49</u>
	<u>54</u>	<u>55</u>

Birmingham Airport Air Traffic Limited

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

7 Directors' emoluments

The directors' did not receive any emoluments in respect of their services to the company (2020: £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 payable and similar charges

	2021 £	2020 £
Interest on loans from group undertakings	<u>24,900</u>	<u>8,645</u>

9 Tax on profit

Tax charged in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	6,420	8,038
UK corporation tax adjustment to prior periods	<u>11,133</u>	<u>-</u>
	17,553	8,038
Deferred taxation		
Origination and reversal of timing differences	<u>249</u>	<u>(1,101)</u>
Tax on profit	<u>17,802</u>	<u>6,937</u>

The tax on profit on ordinary activities before taxation for the year is higher than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

Birmingham Airport Air Traffic Limited**Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

9 Tax on profit (continued)

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>35,100</u>	<u>51,355</u>
Corporation tax at standard rate	6,669	9,757
Effect of expense not deductible in determining taxable profit (tax loss)	-	38
Arising from changes in tax rates or laws	-	(1,175)
Increase in UK and foreign current tax from adjustment for prior periods	<u>11,133</u>	<u>(1,683)</u>
Total tax charge for the year	<u>17,802</u>	<u>6,937</u>

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

Birmingham Airport Air Traffic Limited

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

10 Debtors

	2021	2020
	£	£
Amounts owed by group undertakings	813,644	793,878
Deferred tax assets	<u>10,847</u>	<u>11,096</u>
	<u>824,491</u>	<u>804,974</u>

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

Deferred tax

	2021	2020
	£ 000	£ 000
Deferred tax asset movement		
Opening deferred tax asset	11,096	9,995
Other timing difference movement	<u>(249)</u>	<u>1,101</u>
Closing deferred tax asset	<u>10,847</u>	<u>11,096</u>

Deferred tax assets consists of the following:

	Asset
	£
2021	
Other timing differences	<u>10,847</u>
2020	
Other timing differences	<u>11,096</u>

11 Creditors: Amounts falling due within one year

	2021	2020
	£	£
Due within one year		
Corporation tax	64,693	21,973
Other taxation and social security	69	181
Accruals and deferred income	<u>697,914</u>	<u>738,303</u>
	<u>762,676</u>	<u>760,457</u>

Birmingham Airport Air Traffic Limited

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

12 Financial instruments

The company has financial assets of £794,156 (2020: £726,034) and liabilities of £738,484 (2020: £672,694) held at amortised cost.

13 Called up share capital

Allotted, called up and fully paid shares

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

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

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 £430,634 (2020: £430,458). Contributions totalling £58,400 (2020: £58,769) were payable to the scheme at the end of the year and are included in creditors.

15 Dividends

	2021 £	2020 £
Final dividend of £nil (2020: £369.73) per share	-	36,973

The directors are proposing that no final dividend is paid for 2020/21 (2020: £Nil) per share totalling £Nil (2020: £Nil).

16 Contingent liabilities

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

Birmingham Airport Air Traffic Limited

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

16 Contingent liabilities (continued)

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 2.94 per cent per annum.

On 16 January 2019, the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees to Royal Bank of Scotland PLC in support of a £25 million banking facility made available to Birmingham Airport Holdings Limited. The facility is for a period of five years with an expiry date of 16 January 2024, with an option to extend by 2 further 12 month periods. At the date of signing these financial statements, the total amount of the facility has been drawn down.

17 Related party transactions

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group.

18 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.