

Birmingham Airport Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2023



Registration number: 3312673

Birmingham Airport Holdings Limited

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Birmingham Airport Holdings Limited

Company Information

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Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2023

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

Principal activity

The principal activity of the Group is the operation and management of Birmingham Airport ("The Airport") and the provision of facilities and services associated with those operations. The key operating objectives of the Group can be summarised as follows – we aim to:

- facilitate the safe and secure processing of passengers and aircraft through the provision of facilities and infrastructure in a sustainable and efficient manner
- provide a value-for-money service, recognising the efforts of our employees and our partners, which will generate a profitable future for the Group
- assist the region to develop and grow through improved connectivity, whilst seeking to mitigate any adverse impacts of our operation.

The Airport is a key economic accelerator for the Midlands region, providing the air connectivity vital for international trade, investment and employment, the growth of inbound tourism, and access to outbound leisure destinations. Under normal conditions 7,000 people are directly employed by companies located within the Airport boundary, a further 9,900 people are employed indirectly to supply goods and services to the Airport and the Airport's net economic impact, including catalytic effect in the region, is estimated as £1.5 billion GVA (Gross Value Added) per annum and 30,900 jobs.

In the year ended 31 March 2023 the Airport and other aviation partners continued to recover from the severe impacts of the Covid-19 pandemic, passenger volumes were 86% of pre-pandemic levels and our projections for 2023/24 are at a similar level to the last pre-pandemic year of 2019/20.

Review of the business and future outlook

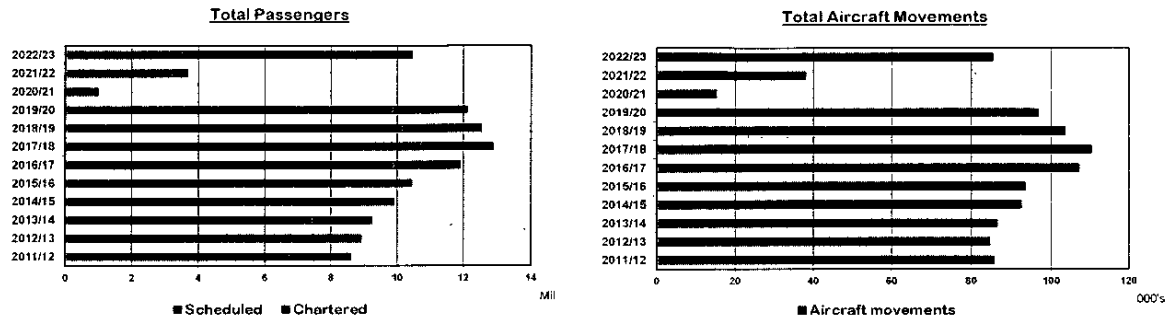
Market position and business environment

The global aviation market has experienced a recovery from the Covid-19 pandemic in 2022/23. Remaining travel restrictions in the year were less onerous than the testing requirements and global lockdowns of the previous two years. The UK aviation market has seen a year-on-year increase in passenger numbers of 164.2%. During the year the Airport processed 10,456,126 passengers, an increase of 184.6% on 2021/22 (3,673,356) but still circa 14% below the passenger levels seen in 2019/20 (12,120,236). The increase in passenger numbers compared to 2021/22 was driven by a combination of strong demand for overseas travel, a gradual increase in airline capacity and the full lifting of Covid travel restrictions by governments across the world.

Prior to the Covid-19 pandemic, the Airport had seen growth of 51.1% since 2010/11. Following the demise of Thomas Cook in 2019 and Flybe in 2020, growth was expected to return in 2020/21 and continue into future years, driving significant expansion plans to meet the growing passenger demand. We are now recovering from the Covid-19 pandemic, replacing Thomas Cook and Flybe traffic and seeing positive signs that passenger numbers will have recovered to pre-pandemic levels in the next financial year.

Birmingham Airport Holdings Limited

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



Whilst UK Government restrictions on international travel were fully lifted towards the end of 2021/22, the impacts on route capacity have continued to impact the route dynamics in 2022/23, with the most popular destination this year again being Dublin followed by Dubai, Belfast, Amsterdam and then Tenerife. These were also the top 5 destinations last year but Dubai returned to second place this year from fourth place last year, returning to its pre-pandemic status.

The Airport continues to play a significant role in providing facilities to support the region, the wider UK and internationally. It supported the evacuation of Ukrainian citizens into the UK following Russia's invasion and has provided facilities for a post-Brexit inland border in conjunction with HMRC. During the Summer of 2022 the City of Birmingham and the surrounding West Midlands region hosted the 2022 Commonwealth Games and the Airport played an important role in welcoming thousands of athletes, support staff and spectators as they travelled to and from the Games. The Games were widely seen as a great success and it is hoped that this will boost inbound tourism to the region in the future. More recently, in response to the Turkey-Syria earthquakes, the Airport has supported the despatch of rescue personnel, equipment and humanitarian aid.

Looking forward to 2023/24, we are optimistic about the ongoing recovery in the aviation sector. Since the lifting of the remaining Covid-19 UK travel restrictions towards the end of 2021/22, we have seen considerable demand for travel with passenger numbers recovering to 86% of pre-pandemic levels by the end of 2022/23. We expect 2023/24 passenger levels to fully recover to those seen in 2019/20. Our airline partners are also planning for growth in demand with Ryanair announcing a sixth based aircraft at Birmingham and launching seven new routes in the 2023 summer season. Jet2 have increased their aircraft base to fifteen from Summer 2023 and EasyJet have announced they will be basing three of its aircraft from March 2024. Based aircraft expansion brings more choice for our customers as well as creating hundreds of direct and indirect jobs within our local catchment area. In addition, from July 2023, Qatar Airways will be resuming daily flights to Doha, Saudia Airlines make their debut at Birmingham with flights to Jeddah three times a week and Emirates will upgrade their lunchtime service from the current Boeing 777 back to the larger Airbus A380.

There are factors which could limit the pace of recovery and future growth, such as escalation of the Russia-Ukraine conflict or the general economic environment, with high inflation and rising interest rates leading to cost-of-living pressures. These could have an adverse impact on consumer confidence and passenger demand but we have seen little direct impact of this to date. As a result of the continuing actions taken by management to manage operating costs and capital investment, we believe the Airport is in a good position to continue to recover now that the volume of passengers travelling is fully recovering.

Whilst some geo-political and macro-economic uncertainty remains in the near-term, we remain confident that the Airport will, in the coming years, return to and surpass the passenger volumes we have experienced in previous years, leading to a successful long-term future for the Airport. Should the adverse factors have more impact in future, our experience of managing through the pandemic should stand us in good stead to take appropriate actions with the cost base of the business.

Birmingham Airport Holdings Limited

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

Future developments

Birmingham Airport is the preferred national and international aviation hub for the Midlands and our ambition is to build on this to become one of Europe's leading regional airports, acting as a key economic accelerator, delivering great service to passengers.

We understand that the significant social and economic benefits created by the Airport must be balanced with a sustainable operation. We take our responsibility to manage our impact on the environment very seriously and involve our local communities in the development of our significant projects through the Airport Consultative Committee, which includes residents associations and parish councils.

Our long-term aims are to continue to modernise and extend our facilities so they are fit for the future. Three major investments are currently underway: a new Next Generation Security Checkpoint; reconfiguration of aircraft stands increasing our Code C aircraft capacity and; installation of significant on-site photovoltaic electricity generation working towards our ambitious carbon reduction targets. Developments in the near future include further self-service bag-drop technology at check-in and increasing the capacity in our baggage make-up hall. The Next Generation Security technology will deliver a simpler, speedier screening process which will require fewer items to be removed from customers' bags and body scanning of all passengers.

As our passenger volumes recover from the impact of the Covid-19 pandemic, the timing of the investment programme continues to be managed closely based on the pace of recovery, a risk-based review of our infrastructure's age and performance and meeting our carbon reduction targets.

Statement on Corporate Governance Framework

The Board has committed to the Group's corporate governance framework and arrangements being assessed against the "Wates principles" for large private sector companies. These focus on the six key areas of - Purpose and Leadership; Board Composition; Director Responsibilities; Opportunity and Risk; Remuneration; and Stakeholder relationships and Engagement. This is a voluntary decision as the Airport falls below the financial size definition of a large private company which would make this adoption mandatory. However, the Board considers that the economic importance of the Airport to the West Midlands region, and its ownership structure, which includes the seven Local Authorities of the Region, and Airport Group Investments Limited (AGIL) representing prominent international Pension Funds, means that it is good practice to adopt a Governance framework that is assessed against the well-respected "Wates principles".

The Board has assessed its arrangements against each of the six principles:

Purpose and Leadership: with international travel restrictions lifted, the return of traffic was fast paced with operational challenges to resource the demand whilst managing the financial recovery of the Business. The Board and the Executive management have continued to develop the purpose and long-term strategy of the Company and that its values and culture align with those goals.

The Board has been committed to ensuring that the imperative of short-term actions which have been needed to maintain the financial viability of the Company during the pandemic, to protect resilient levels of liquidity, and to meet the sharp recovery in post-pandemic demand levels, should not compromise key elements of the Company's purpose. Our approach has been guided by the three core principles that the long-term strategic plans for recovery and renewed growth for the Airport should not be undermined by the loss of core capabilities and skills; that the highest standards of safety be sustained, with rigorous oversight by the Board Safety Committee; and that pro-active communications be maintained through both frequent CEO briefings to all employees, and by engagement with stakeholders whether shareholders, customers, neighbours or suppliers.

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

The "Mission Statement" under the strapline of "Proud of Every Journey" underpinned by seven pillars forms the basis of communications to employees and stakeholders of the Company's purpose and was developed in consultation with employees. The Board recognises the importance on becoming a net zero carbon Airport by 2033, and to deliver this it increased its pillars to seven in the year with a new dedicated pillar for Carbon. We also developed five new Corporate Values in the year:

Dedicated, Respectful, Supportive, Inclusive and Curious. Going forward, using employee volunteer leads and ambassadors, we will be developing innovative initiatives to embed these values into the culture of our organisation.

The Board monitors the embedding of a healthy and transparent culture through independent annual employee surveys, most recently in November 2022, through subsequent workshops, through engagement with trade union representatives, and regular reporting on key areas such as recruitment, training, and retention measures, and through feedback reporting from the People Director. During the year there was an increase in employees as the Airport prepared for a busy summer following the lifting of travel restrictions and recruitment was challenging due to a competitive labour market.

Monitored by the Audit Committee, there are transparent policies and procedures in place for the handling of any whistleblowing concerns that are raised, including the option of contacting Protect, an independent whistleblowing organisation.

Strategically, the Board has focussed on the opportunities since the re-opening of travel to capture new business, particularly in the resilient Low-Cost Carrier segment with the aim of capturing profitably, a higher market share of outbound and inbound travel to the region than was the case pre-pandemic. It is recognised that this objective will need to be supported by a business model, with higher levels of productivity, effective customer service delivery, and the efficient allocation of capital expenditure.

Board Composition: The Board has an annual process for the evaluation of its effectiveness. This is administered by the Company Secretary who receives feedback to a confidential questionnaire from all Directors rating the Board's performance across a range of metrics. It addresses such key questions as whether the Board has an appropriate combination of skills, backgrounds, expertise and knowledge to provide constructive challenge to executive management and to support effective decision making; whether the leadership of the Board by the Chair is promoting open debate and facilitating constructive discussion to enable effective decision making; that the Directors have a level of involvement and understanding to be able to meet the needs of the business; that the induction process for new Directors is well structured to enable an understanding of the business and stakeholders' interests; and that appointments to the Board are promoting a good level of diversity. This year's review showed further progress across the key metrics. Two areas noted for particular attention were the need to continue to focus on increasing the ethnic and gender diversity of the Board, and to re-focus on enterprise risk management now that the pandemic is behind us and the Internal Audit & Risk function has been re-established.

Director Responsibilities: In 2022 the Board carried out a review of authority levels, in the context of its shareholder agreement, both within the Board and its Committees, and its delegations of authority to executive management. There are Board Committees in place for Audit, Pensions, Remuneration and Safety with terms of reference defining their areas of accountability and reporting to the Board. The Company Secretary provides new Directors on joining with an induction into their legal and governance responsibilities, and updates the Board on developments in corporate governance best practice. The Company Secretary provides regular training to Board members on Directors' duties.

The Board has terms of reference in place that, should conflicts of interest arise they are to be declared, and where necessary for Directors to recuse themselves from such decisions.

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

The Board is provided with a monthly Management Information pack which is structured around the seven pillars and includes key financial reporting; commercial data; passenger and airline trends; key performance indicators; employee, safety and environmental sustainability data; and reports on stakeholder engagement. All Board meetings also receive a strategic overview from the CEO.

Opportunity and Risk: The Board has overall responsibility for strategic decision making, assessing how best to create sustainable value over the longer term. It is also responsible for how risk should be most effectively identified and managed, and assurance provided. The key focus in the past year in respect of both opportunity and risk was to put in place the operational capacity and resilience for the rapid re-opening of air travel after almost two years in which the operation had been heavily reduced due to the pandemic. On a longer-term basis discussions have successfully continued with airline partners to provide greater route density and frequency from the Airport, which is central to our focus on growth in market share.

Three prominent areas of risk assurance focus of the year have been financial liquidity; maintaining strong safety processes; and developing action plans for meeting environmental sustainability targets. Defined levels of financial liquidity were maintained to ensure covenant waiver requirements were met and that underlying covenants were met when the waiver concluded. There has been a high level of focus on sustaining a strong safety culture through the challenges of increasing operational activity with many new staff employed by both the Airport and partners on site. We have embedded a new safety accreditation and continued our focus on the reporting of "near misses" and incidents. As operational activity increased it was crucial to deliver the Carbon Roadmap to meet the target of a net zero Airport operation by 2033.

Going forward, the Internal Audit & Risk Team is being re-established following the pandemic. The new Head of Internal Audit & Risk is working with the Board and Audit Committee to conduct a thorough review of risk identification and assurance across the business in the changed post-pandemic circumstances for the Airport and the aviation sector more widely.

Remuneration: executive remuneration is determined by a Remuneration Committee established by the Board and made up of non-executive Directors. The Remuneration Committee independently considers relevant market comparators that are required to attract and retain high calibre people. The remuneration structure is made up of salary and incentive schemes related to Company and individual performance and behaviours which support the delivery of the Airport's strategy and performance. No individual executive is involved in deliberations in relation to their own remuneration.

Stakeholder Relationships and Engagement: The non-executive Directors, other than an independent Chair, are appointed from the two shareholding groups of the Local Authorities and AGIL to ensure a close understanding of shareholder interests. The Board and the CEO are closely engaged with the economic development of the region and its connectivity through liaison with the Authorities' West Midlands Shareholders Airport Committee, with the Mayor of the West Midlands and the Combined Authority, and relevant public bodies such as Midlands Connect. Through the Airport Consultative Committee (ACC), the Board engages regularly with interested regional parties on key issues of environmental sustainability such as noise and carbon emissions reduction.

In summary, the Board is committed to assessing its performance against the Wates principles and to a transparent evaluation and annual reporting process to enable continued improvement.

Financial Performance

Income

The Airport earns its income from two key revenue streams, Aeronautical and Commercial. Aeronautical income is generated by charges levied on airlines for the use of airport facilities by both aircraft and passengers. Commercial income is generated from commercial activities including concessions (such as duty free), car parking, catering, property rental and associated recharges (e.g. energy/utilities).

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

Aeronautical income increased by 120.7% in 2022/23, including the release of prior year provisions, with underlying income increasing by 156.4%. Income increased less than passenger volumes principally due to the mix of traffic.

Commercial income increased by 179.2%, 5.4% lower than the increase in passenger volumes due to fixed income streams in 2021/22 despite the lower passenger volumes, with commercial trading particularly strong in the duty free, car parking and catering categories.

Property Income and Recharges increased by 67.8% reflective of higher charges recovered from Airlines and our commercial partners as a result of the gradual return of passenger volumes and re-opening of on-site facilities, partner offices and other rental space.

Operating costs

Total operating costs, before exceptional items, were 22.3% higher than the prior year at £107.2 million (2022: £87.7 million). Staff costs increased by 20.7% (£6.0 million) reflecting higher staff numbers (the average headcount is now 646 compared to 585 in prior year) and non-staff costs increased by 22.6% (£13.3 million), comprising higher third-party service provider costs related to higher passenger volumes and higher energy costs reflecting the re-opening of facilities and higher energy prices.

Depreciation charges have decreased by 2.2% largely because parts of our capital investment programme have been put on hold in response to the Covid-19 pandemic and the extra depreciation from new assets completed has been more than offset by the drop in depreciation in respect of assets reaching end of life.

One of our key performance indicators is Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA), which improved by 248.0% to a profit of £70.3 million (2022: £20.2 million), reflecting a substantial recovery in income driven by higher passenger volume, and strong cost control as the business recovered from the pandemic.

The Group's operating profit/loss, before exceptional items, improved by 779.7% to a profit of £44.9 million (2022: £6.6 million loss).

The exceptional charge of £0.3 million (2022: £0.5 million) was principally due to payments to staff leaving the Airport. Group operating profit, post exceptional items, was £44.6 million (2022: £7.1 million loss).

The Group's net interest cost reduced by £0.9 million to £14.4 million (2022: £15.3 million) mainly because of higher interest receivable from higher cash balances, the repayment of a £25m Revolving Credit Facility in July 2022 and a lower pension scheme net interest charge.

The tax charge for the year was £8.5 million (2022: £0.4 million credit), including a corporation tax charge of £6.5 million (2022: £nil) and a deferred tax charge of £2.0 million (2022: £0.4 million credit). This equates to an effective tax rate of 28.0% (2022: 1.6%) which is higher than the ordinary rate of UK corporation tax, reflecting the past ineligibility of industrial buildings for tax allowances.

For the year ended 31 March 2022 no final dividend was paid (2022: £nil) and no interim dividend was paid (2022: £nil) in accordance with the recommendation of the Directors.

The Directors recommend that no final dividend payment be made in respect of the financial year ended 31 March 2023 as we continue to recover from the Covid-19 pandemic and restore balance sheet strength.

Capital expenditure

Cash outflow for capital projects amounted to £13.7 million (2022: £8.0 million). The main projects in the year focused on the Terminal including preparation works for the Next Generation Security Checkpoint, investment in Code-C aircraft stands and outbound baggage system upgrades in the North and South Terminals.

Birmingham Airport Holdings Limited

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

Cash flow

During the year, the Group generated cash of £68.5 million from operating activities (2022: £2.6 million), paid Corporation tax of £5.1 million (2022: £nil), paid Capital expenditure of £13.7 million (2022: £8.0 million) and repaid the bank facility £25.0 million (2022: £nil). The overall net cash position has increased by £11.3 million (2022: £18.7 million decrease) to £65.9 million (2022: £54.5 million). Looking forward, the Group still has a strong liquidity position to meet its ongoing liabilities as and when they fall due and has access to an undrawn £25m Revolving Credit Bank facility.

Security

The UK aviation threat level is Substantial.

We continue to work very closely with the Department for Transport, the Civil Aviation Authority, West Midlands Police, UK Border Force, the National Protective Security Authority (NPSA) and other agencies to continuously improve our Security Excellence Culture, focussing on personnel, equipment and processes to maintain high security standards and proactively address emerging security threats. A key focus area has been on the development of our new Security screening area which will be operational in June 2024. The regulatory framework also changes at this time with the next generation security equipment standards being introduced, which is a significant change in how passengers and their hand luggage are managed. All security officers will be required to be trained in the new processes.

Our IT system security, particularly the security of our customer data, is extremely important to us. We have extensive defences within our IT environment and continuously review and upgrade our infrastructure and systems to the latest security standards. We review the risks, mitigations and controls around our critical systems and apply relevant mitigation and this was reflected with a successful CAA Cyber Security Audit.

Health and Safety

Birmingham Airport is committed to providing a safe and secure workplace and operational environment for all who use the Airport. Our Occupational Health and Safety Management System has continued to maintain the ISO 45001 standard.

There were 48 staff accidents during the year (2022: 33), 41 of these were classed as minor or negligible, six were lost time incidents (2022: 3) with one being reportable (2022: 1). The accident frequency rate was 0.50 (2022: 0.27) accidents per 100,000 hours worked, which is a significant improvement on the pre-Covid figure of 0.74 with the Airport back in full operation after the pandemic.

We continue to encourage reporting of near misses and we are encouraged to see that record numbers of near misses are being logged throughout the year.

Good progress was made delivering our fire safety projects, particularly around replacing end of life assets.

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

Sustainability

In November 2019, the Airport published a Sustainability Strategy which sets out a number of objectives, including the Airport's commitment to become a net zero carbon airport by 2033. Despite the impact of the pandemic, the Airport remains steadfast in achieving its 2033 target. Progress has been made against each of the core themes of the Sustainability Strategy and the Airport remains committed to prioritise zero carbon airport operations, whilst minimising the use of carbon offsets. The carbon roadmap launched in March 2022 builds on a decade of learning and investments that had already seen a significant reduction in emissions which the Airport controls. Since 2019 emissions have reduced by a further 25% through investment in control systems, LED lighting, electric vehicles and other energy efficiency measures. We are very pleased that most of the emission reductions achieved during the pandemic when the Airport was substantially closed have been retained when it returned to near full operation.

In addition to climate change mitigation, the Airport's Sustainability Strategy focuses on our priorities to reduce environmental impacts and make improvements in the following core areas: climate change adaptation; local air quality; waste; supply chain & the circular economy; water; biodiversity; noise; community investment & wellbeing; and economic development & employment.

Managing noise is a top priority and we are now updating our comprehensive Noise Action Plan to address issues of noise and track-keeping, noise monitoring and community complaints about aircraft noise. We have listened to our neighbours to understand attitudes to aircraft noise, and we maintain a Night Flying Policy which is among the most stringent in the UK, developed in partnership with community representatives.

In December 2021 our third Climate Change Adaptation Plan was approved and published by Defra. The plan includes a climate change risk register, allowing us to ensure that the airport remains resilient and prepared to adapt to a changing climate.

We continue to take active steps to minimise the amount of waste we generate and optimise opportunities to recycle. We work closely with the airport's on-site shops and restaurants to reduce waste and benefit community projects through the donation of goods and foodstuffs. In 2022/23, increasing our charity partnerships has resulted in over 50 tonnes of goods being donated to charity; diverted from general waste, increasing our recycling rate by 3.0% and supporting the work of local charities.

We operate a dedicated local air quality monitoring station and we are working proactively to reduce emissions at the Airport, including the operation of a fleet of electric vehicles.

We continue to make a positive contribution to biodiversity, operating a Historic Environment, Ecology and Landscape Management Plan (HEELMP) for a 42-hectare area of land to the south of the Airport and providing roosting opportunities for protected species, bats and birds. We also support biodiversity initiatives to support local tree planting schemes, in addition to grants for local community groups through our Community Trust Fund.

Streamlined energy and carbon reporting

Birmingham Airport is committed to becoming a net zero carbon Airport by 2033, prioritising zero carbon Airport operations and minimising carbon offsets. Having first announced our ambition in 2019, we remain steadfast in achieving our 2033 target despite the impact of the pandemic. In April 2022, we launched our Net Zero Carbon Plan, which details our roadmap to 2033, building on a decade of learning and investments that have already delivered a 25% reduction in emissions that the Airport directly controls from our baseline year 2019/20.

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

We have voluntarily measured and reported our carbon footprint since 2012/13 and have a track record in achieving low carbon operations including operating a fleet of 20 electric vehicles, diverting 100% of waste from landfill and providing electricity for use by aircraft at the stand. Our location-based greenhouse gas (GHG) emissions in 2022/23 (7,797 t/CO₂e) increased by 3%, despite passenger numbers increasing by 185% and reopening areas within the terminal that were closed during 2021/22. Relative to pre-COVID, as the airport re-opened, we have retained the majority of the energy and carbon emission reductions achieved whilst there were fewer passengers and our GHG emissions are c.2,500 t/CO₂e less than 2019/20. We have continued to monitor and deliver energy savings through a combination of energy efficiency interventions and colleague engagement with energy and carbon management. From a gas perspective, we implemented several initiatives which meant consumption decreased by 14% in 2022/23, from the previous year, despite the number of heating degree days (a measurement designed to quantify the demand for energy needed to heat a building) being comparable to 2021/22. From April 2022, the Airport moved to a green power tariff meaning 100% of electricity procured is generated by renewable sources such as solar and wind power. The addition of market-based reporting this year, reflects this change.

Greenhouse Gas Emissions reporting

Our GHG emissions footprint has been calculated using the GHG Reporting Protocol - Corporate Standard, in line with UK Government environmental reporting guidelines. A full report on the GHG emissions calculations and more information on our carbon reduction measures can be found on our website (www.birminghamairport.co.uk).

Energy Usage & Tonnes of CO ₂ e by Emissions Type				
Emissions Type	2022/23		2021/22	
	Energy Usage (kWh/ litres/kg/miles)	Tonnes of CO ₂ e	Energy Usage (kWh/ litres/kg/miles)	Tonnes of CO ₂ e
Scope 1 (Gas)	13,765,338 kWh	2,513	15,973,085 kWh**	2,926
Scope 1 (Fuel – Owned Transport)	213,511 litres	544	145,861 litres	366
Scope 1 (Fuel – Diesel Generators)	60,200 litres	154	56,562 litres	142
Scope 1 (Refrigerants)	184 kg	350	64 kg	114
Scope 1 (LPG)	6,659 litres	10	2,000 litres	3
Scope 1 (Total)	-	3,572	-	3,550
Scope 2 (Purchased Electricity; Location-Based)	21,717,207 kWh**	4,200	18,642,220 kWh**	3,958
Scope 2 (Purchased Electricity; Market-Based) ***	21,717,207 kWh**	-	18,642,220 kWh**	3,958
Totals (Scope 1 & 2; Location-Based)	-	7,772	-	7,508
Totals (Scope 1 & 2; Market-Based)	-	3,572	-	7,508
Scope 3 (Business Car Travel)	6,392 miles*	25	1,787 miles*	31
	10,437 litres*		13,587 litres*	
Totals (Scope 1, 2 & 3; Location-Based)	-	7,797	-	7,540
Totals (Scope 1, 2 & 3; Market-Based)	-	3,597	-	7,540

*Business car travel emissions were calculated using both mileage claims (miles) and fuel receipts (cost converted into litres). These were added together for an overall business car travel emissions figure

**Gas and electricity used by tenants and retail concessions are excluded as they are reported under SECR by these third-party companies. 21/22 electricity and gas consumption has been updated to reflect the incorporation of additional tenant electricity and gas data. Overall BAL consumption has reduced in 21/22 from data reported last year.

***From 01 April 2023, 100% of electricity procured is green, generated by renewable sources such as solar and wind power.

Birmingham Airport Holdings Limited

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

Gas and electricity used by tenants and retail concessions are excluded from these figures to prevent double counting as they are reported under SECR by these third-party companies. The 2021/22 electricity and gas consumption figure has been updated to reflect the incorporation of additional tenant data that was not included in the report last year. This means that Birmingham Airport's reported consumption has reduced in 2021/22 from the data reported last year.

Intensity ratio

Birmingham Airport reports on carbon emissions per passenger, which is a widely used metric throughout the aviation industry.

In 2022/23, carbon emissions per passenger decreased by 64% compared to 2021/22. However, the industry has been one of the worst affected by the COVID-19 pandemic and in 2021/22, passenger numbers were significantly less than pre-pandemic. Given the low passenger numbers in 2021/22, the link between passenger numbers and carbon emissions has been somewhat disestablished and the results reported in the table below should be viewed in this context.

kg CO ₂ per passenger – Scope 1, 2 & 3 emissions					
Year	Passenger Numbers	Scope 1	Scope 2	Scope 3	Total
2021/22	3,673,356	0.97	1.08	0.01	2.05
2022/23	10,456,126	0.34	0.40	0.00	0.75

Energy and carbon management

Energy demand reduction - the Airport has continued to focus on energy demand reduction and cost control this year. Through monitoring our energy consumption using sub-metering, overnight energy walkarounds and monthly meetings of the Operational Energy and Cost Reduction Group, the Airport actioned 207 energy efficiency interventions saving c. 364,000 kWh of energy. This included small scale LED replacements and installation of better controls, HVAC optimisation (set points, outside air temperature hold off points and time zone review) and switching off assets.

Journey to Net Zero - the Airport launched its Net Zero Carbon Plan in April 2022, which sets out a roadmap to net zero by 2033. Progress is being made across all workstreams within the Plan including LED lighting, solar PV and electric vehicle charge point installations. The Airport's Next Generation Security project epitomises our approach to reducing embodied and operational carbon emissions. The Sustainability team were involved at an early stage of design, the approach was 'fabric first' and to re-use as much of existing building as possible, keeping new build to a minimum. A lower carbon concrete (by-product of the steel industry) is being used to reduce embodied carbon. The terminal's original polycarbonate atrium roof is being replaced with a highly insulated solution, incorporating solar PV and sky lights to remove considerable seasonal energy inefficiencies. Space heating will be delivered by upgraded existing air handling units and new air source heat pumps in line with our low-carbon HVAC strategy.

Airport Carbon Accreditation - the Airport's decarbonisation efforts have been benchmarked by an international aviation body. The Airport achieved Level 3 (Optimisation) Airport Carbon Accreditation (ACA) from Airports Council International (ACI) Europe this year. This brings the Airport's decarbonising activities and reporting under ACI Europe's framework of scrutiny, including comparison with other airports worldwide.

Procurement - The Airport now consumes power generated from 100% renewable sources: wind, solar and hydro hence the addition of market-based reporting from April 2022.

Birmingham Airport Holdings Limited

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

Collaboration - The Airport understands that collaboration and engaging with internal and external stakeholders is key to reducing both direct and indirect emissions. This year, the Airport joined the Hydrogen Valley project, a consortium of organisations spanning the West and East Midlands, working together to develop the hydrogen economy. The Airport also entered a long-term partnership agreement with ZeroAvia to make on-airfield hydrogen refuelling and regular domestic flights of zero-emission aircraft a reality. The Airport continues to be an active member of the Solihull Sustainability Visioning Group, has joined the West Midlands Net Zero Business Pledge, and restarted Operation Pathfinder, a collaborative project led by the Airport Sustainability team, working with ATC and airlines to improve environmental performance during the landing and take-off cycle.

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

The Board of Directors of Birmingham Airport Holdings Limited have acted in a way they consider to be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the year ended 31 March 2023. In doing so, the Directors have regard to:

(i) the likely consequences of any decision in the long term

The Airport's 4-year Business Plan is updated and reviewed annually. This important strategic plan guides our internal decision-making and how we work with our many stakeholders to balance competing priorities and find mutually acceptable ways forward.

A number of key decisions have been made in the year to ensure as far as possible that the Airport remains in a strong position as the aviation sector recovers from the impacts of the Covid-19 pandemic. These include close management of the cost base, for example we have taken a planned and balanced approach to grow our workforce such that the business can return to full operations in a sustainable manner as passenger numbers return. We have also increased the capital investment programme to meet upcoming security regulatory requirements, increase the Airport's facilities to meet future growth and replace ageing assets.

For each of the above decisions s172 has been considered and all decisions made are to maintain the strongest possible position as the aviation sector recovers from the impacts of the pandemic, considering the long-term interests of the Company's existing and new employees, as well as suppliers, customers and all other stakeholders.

(ii) the interests of the Group's employees

Our employees are fundamental to the delivery of our strategic ambitions as well as our day-to-day operations to ensure our customers have an efficient and positive experience throughout the Airport.

There has been an increased focus on the mental health and wellbeing of our staff, leading to the launch of our Wellbeing Policy early in 2022/23. To support staff the Airport carried out mental health and wellbeing awareness training and recruited and trained Mental Health First Aiders and Ambassadors within the business. During the summer we created a dedicated Headspace Garden where employees can relax and recharge away from the noise and stresses of the busy terminal areas. We also held numerous employee engagement sessions, bringing together colleagues from across the business, which culminated in the collaborative development of our five new Corporate Values; Dedicated, Respectful, Supportive, Inclusive and Curious. Going forward, using employee volunteer leads and ambassadors, we will be developing innovative initiatives to embed these values into the culture of our organisation.

Our "have your say" annual employee survey took place in November 2022 and achieved a response rate of 78% (November 2021 survey 78%) and a 4% improvement in our Trust Index score. In response to feedback from the survey we arranged further direct engagement workshops giving all colleagues a chance to meet our CEO and members of the executive team in person to discuss the survey results and discuss ideas of how we can move forward in the areas where we need to improve.

Birmingham Airport Holdings Limited

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

We are also conscious of the cost of living crisis and how that is affecting some employees, especially over the winter period with high energy costs. Considering this we made a £1,000 payment to all employees in December 2022.

Employee development continues to be a key focus and a number of initiatives which were suspended during the pandemic have restarted. This includes a new leadership development programme delivered by a mix of e-learning and classroom-based training, in addition to employees' technical and on-the-job training. We continue to train and support our apprentices whilst utilising the Apprenticeship Levy.

(iii) the need to foster the Group's business relationships with suppliers, customers and others

We know that a great customer experience is not only about our facilities but also how our staff operate and interact with our customers every day to consistently deliver a great service. Whilst there were no remaining government Covid-19 restrictions in the 2022/23 year, we have sought to ensure that our customers continue to feel safe and comfortable in the Airport environment and hence we continued to adhere to some safety measures where practical and in response to customer and employee sentiment.

Post-pandemic, as passenger numbers recovered during the course of 2022/23 we have been working in close collaboration with our on-site partners, such as ground handling agents, airlines, concessions etc. to host careers fairs to support our respective recruitment drives and staffing requirements. These have proved to be a great success as most Airport-based partners were forced to reduce staff numbers during the height of the pandemic and have found it challenging to re-recruit in line with the pace of post-pandemic recovery.

We continue to work closely with the business community across the region, including major corporates, the Chambers of Commerce, the Mayor's Office and travel management companies, to understand their plans and make sure we are meeting their demand for additional destinations and frequency of service. We are continually updating our view of the recovery of air travel, monitoring emerging uncertainties (e.g. Russia/Ukraine conflict and cost of living pressures) and revising our aviation strategy accordingly.

We have strong relationships with a wide range of airlines including members of each of the three leading airline alliances (Star Alliance, Oneworld & SkyTeam) serving domestic, short-haul and long-haul markets. Our aviation development team are ambassadors for the region, constantly engaging with existing airline partners and with potential new carriers to Birmingham, raising the awareness of the Midlands and focussing their attention on the opportunities to fulfil route demand from our region. Dialogue with our airline partners is almost continuous at present as we work together collaboratively to meet the full recovery in passenger volumes and demand for travel.

We consider our supply chain as critical to enabling the Airport to achieve its objectives. Our Procurement Strategy seeks to segment our supply chain by criticality and level of expenditure so that procurement activities can be focused on delivering best practice supply chain solutions which represent value for money, are innovative, and have an emphasis on sustainability and health & safety. Through the delivery of effective procurement, there is also a commitment to engage with local small and medium enterprises (SMEs) with a recognition of the need to be socially responsible. To this end, the Airport has procured frameworks with a number of locally based businesses to deliver professional services to support the capital investment programme. We are particularly grateful to all our suppliers for their flexibility during the pandemic and the subsequent recovery, which necessitated them taking significant actions within their own businesses by furloughing staff, taking other cost-cutting measures and then reacting quickly to support the Airport as demand returned.

Birmingham Airport Holdings Limited

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

(iv) the impact of the Group's operations on the community and the environment,

We take our community responsibilities seriously and work closely with local residents, who are represented on our Airport Consultative Committee, on a wide range of projects and initiatives. The Airport makes annual contributions to a Community Trust Fund and its independent trustees allocate the funds to worthwhile causes in the areas surrounding the Airport and this work has continued throughout 2022/23.

We have also continued our work with Schools and Colleges, supporting young people in developing essential skills and in gaining valuable experience of the aviation industry.

Solihull Mind was adopted as the Company's official charity partner following a staff vote just before the pandemic and the Company has been developing its relationship with the charity throughout the year. Income streams continue for Solihull Mind at the Airport, with branded collection points for foreign currency in the departure lounge and at baggage reclaim. Solihull Mind has trained more than 40 Mental Health Ambassadors as part of the Company's staff wellbeing programme and designed the 'Headspace Garden' which opened over the summer which provides staff with a tranquil garden environment close to the terminal where they can relax and enjoy a break during their busy working day.

We also take our environmental responsibilities very seriously across areas such as noise, carbon reduction, water and waste. Our objectives in these areas are set out in our Sustainability Strategy which was published in 2019, followed up with the publication of our Net Zero Carbon Plan in 2022 and we are now using electricity generated solely from renewable sources. Further information is set out in the sustainability section of this report.

Our strategy is to make the best use of our existing runway, in line with the Department for Transport's policy. As passenger volumes return and the Airport recovers, our capital planning will focus on ensuring that we maximise the potential of the existing site and runway.

(v) the desirability of the Group maintaining a reputation for high standards of business conduct, and

The Airport is a public-private partnership that has a high profile and generates significant public interest, particularly in the Midlands region. This makes it particularly important that the standards of business conduct are maintained at a high standard. This is achieved through a suite of Company policies which are regularly reviewed and subject to review by the Audit Committee.

(vi) the need to act fairly as between members of the Group.

The relationship between the Group and its members is primarily guided by a Shareholder Agreement and the trust deeds which govern the employee share scheme.

Financial risk management

Objectives and policies

The Group has a number of policies in place to manage its financial risks, along with a risk management programme which is regularly reported to the Board and Audit Committee. Where actions are necessary and not covered by the policies in place, approval is sought from the Board.

Birmingham Airport Holdings Limited

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

Assessment of principal risks and uncertainties

Interest rate risk

The Group's policy is to maintain an appropriate mix of credit facilities within Board approved parameters. The interest costs are fixed for the long-term borrowings, with the only variable interest costs being on the revolving credit facility which is undrawn as it was repaid in July 2022. The Group has considered and remains satisfied with its current debt structure. £30 million of private placement debt matures in December 2023 and is expected to be repaid from the Group's cash balance.

The Group's cash is invested under strict Board approved parameters, which places a cap on the amount which can be invested in a single institution. Throughout the year, cash is invested in the money markets which, whilst exposing the Group to interest rate risk, does maximise returns, whilst maintaining liquidity and access to funds.

Liquidity risk

It is the Group's policy to ensure continuity of funding by active management of working capital and maintaining sufficient cash or committed facilities to meet anticipated funding requirements, whilst ensuring that the Group is not exposed to excessive refinancing in any one year. In addition to the £65.9 million cash balance, there is an undrawn revolving credit facility for £25 million. Together these are considered sufficient to meet the Company's ongoing liquidity requirements.

Credit risk

The Group's policy requires appropriate credit checks of potential customers prior to the commencement of operation and regular reviews thereafter. In addition, focus has been directed at frequent reviews and management of this risk, due to the economic climate. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Cost risk

The Group has no significant exposure to any single element of price risk. The largest risks are wage and energy price inflation, the Group has some influence through negotiations with its employees and has hedged the majority of its energy prices for the forthcoming year. Agreement was reached with unions and employees to restart increments postponed during the pandemic and discussions are ongoing with unions for cost of living increases from April 2023. Other cost exposures relate to general market inflation and building material costs as there is a large development programme as we recover from the pandemic and expand to accommodate future passenger growth.

Competition risk

The key competitive risks are passengers and/or airline operators switching to other airports. These risks are mitigated by maintaining strong relationships with our airline customers and through continuous improvement targets to enhance the customer experience.

Covenant risk

The Group has financial covenants relating to gearing and interest cover which are required by the private placement senior loan note holders and the bank Revolving Credit Facility.

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

Brexit risk

The UK successfully negotiated a new trade deal with the EU which came into effect on 1 January 2021, therefore the risks associated with Brexit have largely been removed.

Birmingham Airport Holdings Limited

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

Travel restrictions

Government restrictions on international travel along with onerous requirements for Covid-19 testing were lifted by the end of March 2022 and the Airport experienced a strong pace of recovery throughout the year, with passenger returning to 86% of pre-pandemic volumes.

Passenger demand

Whilst we will closely monitor the impacts of geopolitical and economic developments (e.g. Russia/Ukraine conflict, cost of living pressures, rising inflation and interest rates) that could adversely impact passenger confidence and volumes, the Airport is optimistic that demand will return to pre-pandemic levels and the long-term prospects remain positive. Following the actions taken by the Airport during the pandemic, it is in a strong position to respond to the recovery in the months and years ahead, although this is not without its challenges, in particular recruitment of staff.

We would like to take this opportunity to thank all colleagues who have worked so hard for the Airport over the past year as it recovered from the pandemic and passenger volumes quickly returned. Their dedication and engagement in helping the Airport recovery has been exemplary and very much appreciated.

Tim Clarke will step down from his role as Chairman on 18 July 2023. The Board would like to express their thanks to Tim for the contribution he has made to Birmingham Airport in the last six years. Under his stewardship the Airport has seen strong chairmanship of the Board, improved governance and a clear Master Plan for the Airport's net-zero carbon ambition. Tim helped steer the Airport through the unprecedented challenge of the Covid-19 pandemic and in restructuring and investing in the Airport for efficient and high quality operations with the return of passengers after the pandemic. The Board is very pleased that Tim will be succeeded by Sir Hugh Robertson. Sir Hugh has had a distinguished career in public service and in business and is well-qualified to lead the Board in securing the Airport's ambitious growth plans and ensuring its vital contribution to the economy of the West Midlands.

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

...*Nick Barton*.....
N Barton
Chief Executive

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

Birmingham Airport Holdings Limited

Directors' Report for the Year Ended 31 March 2023

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

Future developments, dividends and financial risk management

The Strategic Report on pages 2 to 16 includes details of the Group's financial performance, dividends, future developments, statement of engagement with suppliers, customers and others in a business relationship with the Company which is covered by s172, stakeholder engagement, financial risk management objectives and policies, and its greenhouse gas emissions, energy consumption and energy efficiency action.

Directors of the Group

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

N Barton - Chief Executive

P T A Bateman

M A Bird

T Chatfield (resigned 27 April 2022)

T Clarke - Chairman

B Jones (appointed 19 July 2022)

K K Lezama (resigned 10 December 2022)

J D McNicholas (appointed 22 June 2022)

J Mutton (resigned 10 May 2022)

P Nakou

R K Sleigh

D M Stanton

P C Tilsley

M R Toms

The following Director was appointed after the year end:

N J Jansa (appointed 26 April 2023)

Company Secretary

S L C Richards

Directors' liabilities

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

Birmingham Airport Holdings Limited

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

Going concern

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

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

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

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

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

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

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

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

Birmingham Airport Holdings Limited

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

Political donations

There were no political donations during the year.

Employment of disabled persons

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. We are committed to being a Disability Confident employer. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment either in the same or an alternative position, where possible, with appropriate retraining being given if necessary

Employee involvement

Employee contribution to our business is key to our success. The Group commits to meet the investors in people standard, ensuring the skills and knowledge of all our employees are updated to meet changes in our industry. The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group.

Reappointment of auditors

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

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

...*Nick Barton*.....
N Barton
Chief Executive

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

Birmingham Airport Holdings 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 prepared the Group and Company 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 Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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

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

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

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

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Birmingham Airport Holdings Limited's Group financial statements and Company financial statements (the "financial statements"):

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited (*continued*)

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

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

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

Strategic Report and Directors' Report

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

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited (*continued*)

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

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited (*continued*)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

Date: 28 June 2023 .

Birmingham Airport Holdings Limited**Consolidated Income Statement for the Year Ended 31 March 2023**

	Note	2023 £ 000	2022 £ 000
Turnover	4	152,132	67,475
Other operating income	8	-	13,578
Staff costs	10	(34,940)	(28,957)
Depreciation and other amounts written off tangible and intangible fixed assets	6	(26,817)	(27,434)
Other operating expenses		(45,444)	(31,272)
Exceptional administrative expenses	5	(346)	(456)
Operating profit/(loss)		44,585	(7,066)
Other interest receivable and similar income	12	623	18
Interest payable and similar expenses	13	(15,035)	(15,299)
		(14,412)	(15,281)
Profit/(loss) before tax		30,173	(22,347)
Tax on profit/(loss)	14	(8,458)	354
Profit/(loss) for the financial year		21,715	(21,993)
Profit/(loss) attributable to:			
Owners of the company		21,715	(21,993)

The above results were derived from continuing operations.

Birmingham Airport Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2023

	Note	2023 £ 000	2022 £ 000
Profit/(loss) for the financial year		21,715	(21,993)
Surplus on tangible assets revaluation	15	66,283	-
Deferred tax on tangible assets revaluation	14	(16,571)	(3,465)
Remeasurement gain on net defined benefit pension liability		4,155	21,114
Deferred tax effect on actuarial gain recognised on net defined benefit pension liability		(1,038)	(3,565)
Other comprehensive income for the year		52,829	14,084
Total comprehensive income/(expense) for the year		74,544	(7,909)

The notes on pages 32 to 62 form an integral part of these financial statements.

Birmingham Airport Holdings Limited**(Registration number: 3312673)****Consolidated Statement of Financial Position as at 31 March 2023**

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Tangible assets	15	500,377	452,002
Investment property	16	11,588	10,368
		<u>517,965</u>	<u>462,370</u>
Current assets			
Inventories	18	1,397	1,207
Debtors	19	22,602	20,275
Cash at bank and in hand	20	65,861	54,538
		<u>89,860</u>	<u>76,020</u>
Creditors: Amounts falling due within one year	21	<u>(88,895)</u>	<u>(48,599)</u>
Net current assets		<u>965</u>	<u>27,421</u>
Total assets less current liabilities		518,930	489,791
Creditors: Amounts falling due after more than one year	21	(361,955)	(417,120)
Provisions for liabilities	25	(38,435)	(19,473)
Post employment benefits	26	<u>(12,800)</u>	<u>(21,823)</u>
Net assets		<u>105,740</u>	<u>31,375</u>
Capital and reserves			
Called up share capital	27	3,240	3,240
Revaluation reserve	28	94,332	45,309
Merger reserve	28	25,588	25,588
(Accumulated losses)		<u>(17,420)</u>	<u>(42,762)</u>
Total equity		<u>105,740</u>	<u>31,375</u>

The financial statements on pages 25 to 62 were approved and authorised by the Board on 22 June 2023 and signed on its behalf and signed on its behalf by:

...*Nick Barton*.....
N Barton
Chief Executive

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

Birmingham Airport Holdings Limited**(Registration number: 3312673)****Company Statement of Financial Position as at 31 March 2023**

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Investments	17	143,745	143,745
Current assets			
Debtors	19	128,860	146,648
Cash at bank and in hand	20	255	448
		129,115	147,096
Creditors: Amounts falling due within one year	21	(201,214)	(186,529)
Net current liabilities		(72,099)	(39,433)
Total assets less current liabilities		71,646	104,312
Creditors: Amounts falling due after more than one year	21	(15,384)	(40,384)
Net assets		56,262	63,928
Capital and reserves			
Called up share capital	27	3,240	3,240
Merger reserve	28	51,380	51,380
Retained earnings		1,642	9,308
Total equity		56,262	63,928

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual income statement. Its loss for the financial year was £7.487 million (2022: £5.158 million).

The financial statements on pages 25 to 62 were approved and authorised by the Board on 22 June 2023 and signed on its behalf and signed on its behalf by:

...*Nick Barton*.....

N Barton

Chief Executive

...*Tim Clarke*.....

T Clarke

Chairman

The notes on pages 32 to 62 form an integral part of these financial statements.

Birmingham Airport Holdings Limited**Consolidated Statement of Changes in Equity for the Year Ended 31 March 2023**

	Note	Called up Share capital £ 000	Merger reserve £ 000	Revaluation (accumulated reserve £ 000	Retained earnings/ losses) £ 000	Total equity £ 000
At 1 April 2021		3,240	25,588	49,675	(39,069)	39,434
Loss for the financial year		-	-	-	(21,993)	(21,993)
Other comprehensive income		-	-	(3,465)	17,549	14,084
Total comprehensive income		-	-	(3,465)	(4,444)	(7,909)
Revaluation reserve profit transfer		-	-	(901)	901	-
Net sale of own shares from share trust		-	-	-	(140)	(140)
Movement in reserves of own trust		-	-	-	(10)	(10)
At 31 March 2022		3,240	25,588	45,309	(42,762)	31,375
At 1 April 2022		3,240	25,588	45,309	(42,762)	31,375
Profit for the financial year		-	-	-	21,715	21,715
Other comprehensive income		-	-	49,712	3,117	52,829
Total comprehensive income		-	-	49,712	24,832	74,544
Revaluation reserve profit transfer	28	-	-	(689)	689	-
Net sale of own shares from share trust	28	-	-	-	(169)	(169)
Movement in reserves of own trust		-	-	-	(10)	(10)
At 31 March 2023		3,240	25,588	94,332	(17,420)	105,740

The notes on pages 32 to 62 form an integral part of these financial statements.

Birmingham Airport Holdings Limited**Company Statement of Changes in Equity for the Year Ended 31 March 2023**

	Note	Called up Share capital £ 000	Merger reserve £ 000	Retained earnings £ 000	Total Equity £ 000
At 1 April 2021		3,240	51,380	14,616	69,236
Loss for the financial year		-	-	(5,158)	(5,158)
Total comprehensive expense		-	-	(5,158)	(5,158)
Net sale of own shares from share trust		-	-	(140)	(140)
Movement in reserves of own trust		-	-	(10)	(10)
At 31 March 2022		3,240	51,380	9,308	63,928
At 1 April 2022		3,240	51,380	9,308	63,928
Loss for the financial year		-	-	(7,487)	(7,487)
Total comprehensive expense		-	-	(7,487)	(7,487)
Net sale of own shares from share trust	28	-	-	(169)	(169)
Movement in reserves of own trust		-	-	(10)	(10)
At 31 March 2023		3,240	51,380	1,642	56,262

The notes on pages 32 to 62 form an integral part of these financial statements.

Birmingham Airport Holdings Limited**Consolidated Statement of Cash Flows for the Year Ended 31 March 2023**

	Note	2023 £ 000	2022 £ 000
Cash flow from operating activities	29	68,473	2,607
Income taxes paid		(5,100)	-
Net cash flow generated from operating activities		63,373	2,607
Cash flow from investing activities			
Interest received	12	346	75
Purchase of tangible assets		(13,724)	(7,950)
Net cash used in investing activities		(13,378)	(7,875)
Cash flow from financing activities			
Interest paid	13	(12,543)	(12,559)
Repayment of bank facilities	22	(25,000)	-
Lease/leaseback premium	33	(950)	(697)
Net sale of own shares from share trust		(169)	(140)
Movement in reserves of own trust		(10)	(10)
Net cash used in financing activities		(38,672)	(13,406)
Net increase/(decrease) in cash and cash equivalents		11,323	(18,674)
Cash and cash equivalents at the beginning of the year		54,538	73,212
Cash and cash equivalents at the end of the year	20	65,861	54,538

The notes on pages 32 to 62 form an integral part of these financial statements.

Birmingham Airport Holdings Limited

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

1 General information

The Company and its subsidiaries ("the Group") are private companies limited by shares and incorporated in England, United Kingdom.

The address of its registered office is:

Diamond House
Birmingham Airport
Birmingham
West Midlands
B26 3QJ

The principal activity of the Group is the operation and management of Birmingham Airport and the provision of facilities and services associated with those operations.

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.

Statement of compliance

The Group and Company financial statements of Birmingham Airport Holdings Limited were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), taking into account updates of the 2018 triennial review and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost conventions modified to include the revaluation of certain assets in accordance with applicable accounting standards and the Companies Act 2006.

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 the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual income statement. Its loss for the financial year was £7.487 million (2022: £5.158 million).

Birmingham Airport Holdings Limited

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

2 Accounting policies (continued)

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from the requirements of FRS 102 paragraph 33.7 as the key management personnel and Directors are the same; and
- from the requirement to disclose transactions with Group members under FRS102 paragraph 33.1A.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2023. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Going concern

The Directors have reviewed the prospects for the Group and Company through to March 2025 (twenty four months from the balance sheet date) in the context of continued recovery from the Covid-19 pandemic, economic impacts of the war in Ukraine and the higher inflation and interest rate environment, as outlined in the Directors report on page 18. At the balance sheet date, the Group had strong liquidity, with a cash balance of £65.9 million and an undrawn £25 million revolving credit facility. Passenger volume continues to recover and in 2022/23 was 10.5 million (86.3% of the volume in 2019/20, the last pre-pandemic year). Along with actions taken during the pandemic which give ongoing reductions in expenditure, this led to a cash inflow of £11.3 million. Looking forward, 2023/24 passenger volume is forecast to grow to 12.3 million (very similar to the level pre-Covid). This will increase revenue, profitability and operating cash inflow.

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis. In the 2022 financial statements the additional December 2022 covenant test represented a material uncertainty in the going concern assessment because compliance was dependent on the timing and pace of recovery from the pandemic. As the Group is now compliant with its covenants and forecasts to continue to be compliant, this uncertainty is no longer present.

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

Birmingham Airport Holdings Limited

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

2 Accounting policies (continued)

Revenue recognition

Turnover represents the amounts derived from the provision of services which fall within the Group's principal activity of the operation and management of Birmingham Airport and its related activities. All turnover is generated in the United Kingdom. Turnover comprises:

- (i) Aeronautical income - sales related to aeronautical activities net of rebates, incentives and value added tax and is recognised at the point of passenger and aircraft departure.
- (ii) Concession income - concession rentals net of value added tax relating to retail activities on the site. Income for car parking is recognised at the end of the parking stay and all other concession income is recognised in the year to which it relates on an accruals basis.
- (iii) Property income and recharges - revenues relating to property lettings, service charges, utility recharges and usage charges for operational systems. All income is recognised in the year to which it relates on an accruals basis.

Government grants

Government grants that do not impose specified future performance-related conditions are recognised in other operating income when the grant proceeds are received or receivable. Grants that impose specified future performance-related conditions are recognised in income only when the performance-related conditions are met.

Other grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected lives of the relevant assets by equal annual instalments.

Exceptional administrative expenses

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional administrative expenses'. These are disclosed separately in note 5 to provide further understanding of the financial performance of the Group.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except where it is attributable to an item of income or expense recognised as other comprehensive income where it is recognised directly in the Statement of Comprehensive Income or in equity.

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 Group and 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 consolidated financial statements and on unused tax losses or tax credits in the Group and Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Current and deferred tax assets and liabilities are not discounted.

Birmingham Airport Holdings Limited

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

2 Accounting policies (continued)

Tangible assets

Land, buildings and infrastructure are revalued and carried at their fair value at the date of valuation less any accumulated depreciation and accumulated impairment losses. Due to the specialist nature of the land, buildings and infrastructure fair value is based on an income or depreciated replacement cost approach. An independent valuation of operational assets was undertaken at 31 March 2023.

Tangible assets are revalued with sufficient regularity so as to ensure there are no significant differences between carrying and fair value. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and the revaluation reserve. However, the increase shall be recognised in the Income Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement. The decrease of an asset's carrying amount as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in the revaluation reserve, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in the revaluation reserve in respect of that asset, the excess shall be recognised in the income statement.

Plant and machinery is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of plant and machinery includes original purchase price and directly attributable incremental costs incurred in bringing the asset to its working condition for its intended use.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial amount of time to get ready for their intended use are added to the cost of those assets. All other borrowing costs are recognised in the income statement in the year they are incurred.

Depreciation

Depreciation is provided on all tangible fixed assets, other than land and assets in the course of construction, at rates calculated to write off cost or valuation, less estimated residual value of each asset evenly over its expected useful life. In addition, the carrying values of tangible fixed assets are reviewed for continued applicability in future periods if events or changes in circumstances indicate the carrying value may not be recoverable. The principal useful lives are as follows:

Asset class	Depreciation method and rate
Buildings	between 5 and 50 years
Infrastructure	between 10 and 50 years
Plant and machinery	between 4 and 30 years
Motor vehicles (included in plant & machinery)	between 4 and 15 years

Investment property

Investment property including freehold land, buildings (including off site residential properties and parts of a building held to earn rental income) are held at fair value based on rental income, where the fair value can be measured reliably without undue cost or effort. Fair value is measured at each reporting date with changes in fair value recognised in the income statement.

Birmingham Airport Holdings Limited

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

2 Accounting policies (continued)

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses. Investments are assessed for impairment at the end of each reporting year. If there is an indication of impairment the recoverable amount of the investment is impaired to its carrying amount. The recoverable amount of the investment is the higher of fair value less cost to sell and value in use. Value in use is defined as if the recoverable amount of the investment is lower than its carrying amount an impairment is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price, and then carried at amortised cost. A provision for the impairment of trade debtors is established when there is objective evidence that the Group or Company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Stores of consumable items and development land held within stock are valued at the lower of purchase cost or estimated net realisable value. At the end of each reporting year inventories are assessed for impairment. If an item of inventory is impaired the impairment charge is recognised in the income statement. Costs associated with holding the land are expensed as incurred.

Trade payables

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group or Company does not have an unconditional right, at the end of the reporting year, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at undiscounted amount of cash or consideration expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group or Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Birmingham Airport Holdings Limited

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

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Group has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the Group or Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Details of provisions are disclosed in note 25.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Rents receivable under operating leases are included in turnover on an accruals basis.

Financial instruments

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

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 distributions to the Company's shareholders are recognised as a liability in the financial statements in the reporting year in which the dividends are approved by the shareholders.

Birmingham Airport Holdings Limited

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

2 Accounting policies (continued)

Employee benefits

Share incentive plan

The Birmingham Airport Holdings Limited Group has a Share Incentive Plan (SIP) which is available to all permanent employees of the Group companies. The All Employees Share Ownership Plan (AESOP) was set up to enable employees to have a greater involvement in the Company and share in its future success and has been approved by HM Revenue and Customs. Most years employees have the opportunity to join the plan and save to purchase Partnership shares in the Group. The scheme relaunched in 2022/23. For every three Partnership shares purchased the employee is given a Matching share by the Employee Share Trust. The shares are held in Trust for the employees and they are entitled to receive a dividend from Birmingham Airport Holdings Limited, if a dividend is declared, while the shares are held in Trust for the employee.

Defined contribution plan

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group 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.

Defined benefit plan

A defined benefit plan defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of the plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in sterling, and that have terms to maturity approximation to the terms of the related pension liability. The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they arise. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan is recognised in the Income Statement as employee costs and comprises, increases in the liability arising from employee service and cost of benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Income Statement as a 'finance expense'.

Birmingham Airport Holdings Limited

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

3 Critical accounting judgements and estimations of uncertainty

The Group and 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.

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Details of the pension scheme are disclosed in note 26.

(ii) Tangible assets

The Group's tangible fixed assets are carried at either their fair value at date of valuation or cost, less any accumulated depreciation. Management estimates the useful economic life of assets based on historical experience and professional guidance from suppliers and subject matter experts. Asset impairments are based on estimates of current and future development plans. Details of the tangible assets are disclosed in note 15.

(iii) Impairment of trade debtors

A provision for the impairment of trade debtors is established when there is objective evidence that the Group or Company will not be able to collect all amounts due according to the original terms of the receivables. The provision is based on historical loss experience on a probability weighted basis to quantify.

(iv) Customer rebates

The Group has accruals for expected rebates with customers. Such estimates are based on analyses of existing contractual obligations, historical trends and the Group experience. After assessment by management, the total accruals for these items are appropriate, based upon currently available information and contractual positions. As these deductions are based on management estimates, the actual rebate costs might differ from these estimates.

Birmingham Airport Holdings Limited

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

3 Critical accounting judgements and estimations of uncertainty (continued)

(v) Going concern

The Directors have considered the continuing uncertainties facing the Group 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, as outlined in the Directors' report on page 18. In assessing the going concern position, the Directors have considered:

- the continued recovery from the Covid-19 pandemic
- economic impacts of the war in Ukraine, and
- the higher inflation and interest rate environment.

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

4 Turnover

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

	2023 £ 000	2022 £ 000
Aeronautical income	46,089	20,884
Concessions income	69,842	25,011
Property income and recharges	36,201	21,580
	<u>152,132</u>	<u>67,475</u>

All turnover is generated in the United Kingdom.

5 Exceptional administrative expenses

	2023 £ 000	2022 £ 000
Restructuring	346	186
Covenant waiver legal cost	-	199
Other exceptional costs	-	71
	<u>346</u>	<u>456</u>

During the year £0.346 million (2022: £0.186 million) restructuring costs were incurred for employees leaving the business as a result of redundancy programmes. During the prior year covenant waiver legal costs of £0.199 million and other exceptional costs, associated with HS2 people mover safeguarding of £0.071 million were incurred. Included within taxation on profit/(loss) is tax on exceptional items at the current UK tax rate of 19% (2022: 19%) amounting to £0.066 million (2022: £0.087 million).

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****6 Operating profit/(loss)**

Arrived at after charging/(crediting):	2023	2022
	£ 000	£ 000
Depreciation expense (note 15)	27,054	27,670
Capital grant release	(10)	(9)
Government capital grant release (note 8)	(227)	(227)
Government furlough grant release (note 8)	-	(636)
Government AGOSS grant release (note 8)	-	(12,483)
Other operating income - insurance receipt	-	(459)
Increase in fair value of investment property (note 16)	(1,119)	(176)
Operating lease expense - plant and machinery	73	54
(Impairment)/reversal of impairment of trade receivables	<u>(356)</u>	<u>256</u>

7 Other operating income

In the prior year other operating income includes the government grants income of £13.119 million and an insurance receipt for £0.459 million for property damage and demolition of a residential investment property.

8 Government grants

In the prior year government grant income was received in relation to the Airport and Ground Operations Support Scheme (AGOSS) of £12.668 million and Coronavirus Job Retention Scheme (CJRS) of £0.636 million 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. In 2019 the Group received a grant of £1.375 million from the Department of Transport for the deployment and operation of ultra-low emission buses, including any supporting infrastructure and also received the final instalment of £1.353 million grant from the European Commission Innovation and Networks Executive Agency for collaborative decision making. The grants are being amortised to the Income Statement over the life of the assets.

	2023	2022
	£ 000	£ 000
Opening balance at 1 April	2,240	2,282
Utilised	(227)	(13,346)
Additions	-	13,304
Closing balance at 31 March	<u>2,013</u>	<u>2,240</u>

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****9 Auditors' remuneration**

	2023	2022
	£ 000	£ 000
Audit of company and consolidated financial statements	43	40
Audit of the financial statements of subsidiaries of the company pursuant to legislation	155	133
	<u>198</u>	<u>173</u>
Other fees to auditors		
Audit-related assurance services	<u>17</u>	<u>10</u>

Other fees includes bank covenant certificates, advice on specific transactions and audit of costs for service charges and passengers with reduced mobility.

10 Staff costs

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

	2023	2022
	£ 000	£ 000
Wages and salaries	29,962	24,367
Social security costs	3,401	2,735
Other pension costs, defined contribution scheme (note 26)	1,559	1,346
Other pension costs, defined benefit scheme (note 26)	1,004	1,247
	<u>35,926</u>	<u>29,695</u>

The aggregate payroll costs include exceptional items of £0.346 million (2022: £0.186 million) and employee costs capitalised of £0.640 million (2022: £0.552 million).

The Company had 2 employees (2022: 2) who received wages and salaries of £1.154 million (2022: £1.126 million), with national insurance costs of £0.166 million (2022: £0.158 million).

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

	2023	2022
	No.	No.
Engineering	44	43
Operations and security	407	370
Support services	195	172
	<u>646</u>	<u>585</u>

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****11 Directors' emoluments**

The Directors' emoluments for the year was as follows:

	2023	2022
	£ 000	£ 000
Aggregate emoluments	<u>809</u>	<u>806</u>

No directors are part of a share options scheme or accrued post-employment benefits under defined benefits plan or as a member of defined contribution pension scheme (2022: £nil).

In respect of the highest paid Director:

	2023	2022
	£ 000	£ 000
Aggregate emoluments	<u>699</u>	<u>696</u>

Executive remuneration is determined by a Remuneration Committee established by the Board and made up of non-executive Directors. The Remuneration Committee independently considers relevant market comparators that are required to attract and retain high calibre people. The remuneration structure is made up of salary and incentive schemes related to individual performance and behaviours which support the delivery of the Airport's strategy and performance. No individual executive is involved in deliberations in relation to their own remuneration.

Key management compensation

Key management includes the members of senior management. The compensation paid or payable to key management for employee services is shown below: There were 11 members of senior management in the year (2022: 12).

	2023	2022
	£ 000	£ 000
Salaries and other short term benefits	2,582	2,420
Post employment benefits	<u>75</u>	<u>70</u>
	<u>2,657</u>	<u>2,490</u>

12 Other interest receivable and similar income

	2023	2022
	£ 000	£ 000
Interest income on financial assets	3	-
Bank interest receivable	<u>620</u>	<u>18</u>
	<u>623</u>	<u>18</u>

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****13 Interest payable and similar expenses**

	2023	2022
	£ 000	£ 000
Private placements senior notes interest	12,290	12,115
Interest on preference shares	971	971
Lease/leaseback interest	950	872
Bank loans and overdrafts	173	205
Pension scheme net finance charge (note 26)	484	880
Other interest payable	167	256
	<u>15,035</u>	<u>15,299</u>

14 Tax on profit/(loss)**(a) Tax charged/(credited) in the income statement**

	2023	2022
	£ 000	£ 000
Current taxation		
UK corporation tax	6,586	-
Adjustment in respect of prior years	(81)	-
	<u>6,505</u>	<u>-</u>
Deferred taxation		
Arising from origination and reversal of timing differences	1,754	(1,779)
Arising from changes in tax rates and laws	553	1,713
Adjustment in respect of prior years	(354)	(288)
	<u>1,953</u>	<u>(354)</u>
Tax on profit/(loss)	<u>8,458</u>	<u>(354)</u>

(b) Tax charged in other comprehensive income

	2023	2022
	£ 000	£ 000
Arising from origination and reversal of timing difference	13,383	4,012
Arising from changes in tax rates and laws	4,226	3,018
	<u>17,609</u>	<u>7,030</u>

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****14 Tax on profit/(loss) (continued)****(c) Reconciliation of tax charge/(credit)**

The tax on profit/(loss) 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 £ 000	2022 £ 000
Profit/(loss) before tax	30,173	(22,347)
Corporation tax at standard rate	5,733	(4,246)
Effect of expense not deductible in determining taxable profit	2,607	2,467
Deferred tax expense relating to changes in tax rates or laws	553	1,713
Adjustment in respect of prior years	(435)	(288)
Total tax charge/(credit)	8,458	(354)

(d) Tax rate changes

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 Group's financial statements.

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****15 Tangible assets****Group**

	Land and buildings £ 000	Leasehold land and buildings £000	Infrastructure £ 000	Plant and machinery £ 000	Assets in the course of construction £ 000	Total £ 000
Cost or valuation						
At 1 April 2022	295,864	200	121,299	238,742	22,929	679,034
Additions	-	-	-	-	15,247	15,247
Transfers	80	-	2,905	4,486	(7,471)	-
Transfers to investment property	(116)	-	-	-	-	(116)
Asset reclassification	(35)	-	35	-	-	-
Revaluations	(12,256)	-	8,292	-	-	(3,964)
At 31 March 2023	<u>283,537</u>	<u>200</u>	<u>132,531</u>	<u>243,228</u>	<u>30,705</u>	<u>690,201</u>
Accumulated depreciation						
At 1 April 2022	32,884	-	25,591	168,557	-	227,032
Charge for the year	8,681	-	7,071	11,302	-	27,054
Asset reclassification	(33)	-	33	-	-	-
Eliminated on transfer to investment property	(15)	-	-	-	-	(15)
Eliminated on revaluation	(41,401)	-	(28,846)	-	-	(70,247)
At 31 March 2023	<u>116</u>	<u>-</u>	<u>3,849</u>	<u>179,859</u>	<u>-</u>	<u>183,824</u>
Carrying amount						
At 31 March 2023	<u>283,421</u>	<u>200</u>	<u>128,682</u>	<u>63,369</u>	<u>30,705</u>	<u>506,377</u>
At 31 March 2022	<u>262,980</u>	<u>200</u>	<u>95,708</u>	<u>70,185</u>	<u>22,929</u>	<u>452,002</u>

Included within the net book value of land and buildings above is £283.421 million (2022: £262.980 million) in respect of freehold land and buildings and £0.200 million (2022: £0.200 million) in respect of long leasehold land and buildings. Included in land and buildings is land at a value of £92.930 million (2022: £92.076 million) which is not depreciated.

Birmingham Airport Holdings Limited

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

15 Tangible assets (continued)

Birmingham Airport Limited entered into a lease/leaseback arrangement with the West Midlands District Councils which covers all the land, buildings and infrastructure of the airport site. Details of the transaction are included in note 33.

Revaluation

The Group's operational assets were revalued on 31 March 2023 by an independent valuer, Knight Frank LLP, in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors and with FRS 102. Due to the specialist nature of the airport's assets, the fair value is based on income and the depreciated replacement cost methodology for land, buildings and infrastructure assets. These revaluations were incorporated into the financial statements and the resulting revaluation surplus of £66.283 million was taken to the revaluation reserve (net of deferred tax).

Historical cost

On a historical cost basis the gross cost of land and buildings assets would have been included as £307.547 million (2022: £307.717 million) and the net book value would have been £153.106 million (2022: £159.043 million). The gross cost of infrastructure assets would have been £205.798 million (2022: £202.854 million) and the net book value would have been £75.497 million (2022: £78.262 million).

Company

The Company had no tangible assets at 31 March 2023 (2022: £nil)

16 Investment property

Group

	£ 000
At 1 April 2022	10,368
Transfers from property, plant and equipment	101
Fair value adjustments	1,119
At 31 March 2023	11,588

Investment properties held by Birmingham Airport Limited have been revalued at 31 March 2023, by Knight Frank LLP undertaken in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors and with FRS 102, the valuation identified an increase of £1.019 million (2022: £0.158 million) which has been recognised in the income statement.

Investment properties held by First Castle Developments Limited have been revalued at their fair value in accordance with the appraisal and valuation manual of the Royal Institute of Chartered Surveyors on 31 March 2023 by Fisher German LLP. The valuation identified a gain of £0.100 million (2022: £0.018 million) which has been recognised in the income statement.

Company

The Company had no investment properties at 31 March 2023 (2022: £nil).

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****17 Investments****Company**

	2023 £ 000	2022 £ 000
Investments in subsidiaries	<u>143,745</u>	<u>143,745</u>

Details of subsidiaries

Details of the investments that the Group and Company holds are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held 2023	2022
Subsidiary undertakings				
Birmingham Airport Operations Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Limited	England	Ordinary Shares	100%	100%
Birmingham Airport (Finance) plc	England	Ordinary Shares	100%	100%
First Castle Developments Limited	England	Ordinary Shares	100%	100%
BHX Fire and Rescue Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Air Traffic Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Services Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Developments Limited	England	Ordinary Shares	100%	100%
Euro-hub (Birmingham) Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Pension Trustees Limited	England	Ordinary Shares	100%	100%
BHX (Scotland) Limited	Scotland	Ordinary Shares	100%	100%
BHX Limited Partnership	Scotland	Capital Contribution	100%	100%

The registered address of these investments is the same as the parent company with the exception of BHX (Scotland) Limited whose address is 1 Rutland Court, Edinburgh, EH3 8EY and BHX Limited Partnership whose registered address is c/o Eversheds LLP, 3 - 5 Melville Street, Edinburgh, EH3 7PE.

Birmingham Airport Holdings Limited

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

17 Investments (continued)

The principal activity of Birmingham Airport Operations Limited is operation and management of Birmingham Airport Limited, Birmingham Airport (Finance) plc and Euro-hub (Birmingham) Limited.

The principal activity of Birmingham Airport Limited is airport terminal management and operation.

The principal activity of Birmingham Airport (Finance) plc is financing.

The principal activity of First Castle Developments Limited is property holding company.

The principal activity of BHX Fire and Rescue Limited is airport rescue and fire fighting services.

The principal activity of Birmingham Airport Air Traffic Limited is provision of air traffic services.

The principal activity of Birmingham Airport Services Limited is provision of services at Birmingham Airport.

The principal activity of Birmingham Airport Developments Limited is site development.

The principal activity of Euro-hub (Birmingham) Limited is property holding company.

The principal activity of Birmingham Airport Pension Trustees Limited is pension trustees.

The principal activity of BHX (Scotland) Limited is property holding and investment.

The principal activity of BHX Limited Partnership is property holding and investment.

Birmingham Airport Holdings Limited is the parent undertaking of Birmingham Airport Operations Limited and Birmingham Airport Pension Trustees Limited.

Birmingham Airport Limited, Euro-hub (Birmingham) Limited and Birmingham Airport (Finance) plc are direct subsidiaries of Birmingham Airport Operations Limited. Birmingham Airport Limited is the parent undertaking of Birmingham Airport Developments Limited, BHX Fire and Rescue Limited, Birmingham Airport Air Traffic Limited, Birmingham Airport Services Limited, First Castle Developments Limited, BHX (Scotland) Limited and BHX Limited Partnership.

The Company, in its role as parent company to the Group, has provided a statutory guarantee to certain subsidiaries for all outstanding liabilities at 31 March 2023. This enables them to take the audit exemption from obtaining a signed statutory audit opinion under section 479A of the Companies Act 2006. For the year ending 31 March 2023 the following subsidiaries were provided with a statutory guarantee:

BHX Fire and Rescue Limited (Reg no: 05997636)

Birmingham Airport Developments Limited (Reg no: 02295119)

Birmingham Airport Operations Limited (Reg no: 09915844)

First Castle Developments Limited (Reg no: 02783202)

Birmingham Airport Services Limited (Reg no: 08203043)

Euro-hub (Birmingham) Limited (Reg no: 02403252)

Birmingham Airport Air Traffic Limited (Reg no: 08201487)

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****18 Inventories**

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Stocks	1,397	567	-	-
Development land	-	640	-	-
	<u>1,397</u>	<u>1,207</u>	<u>-</u>	<u>-</u>

There is no provision provided for the impairment of stock in the year (2022: £nil).

There is no material difference between replacement cost of inventory and its carrying amount (2022: £nil).

19 Debtors

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Trade debtors	5,780	6,785	-	-
Amounts owed by group undertakings	-	-	122,997	142,030
Corporation tax	752	2,156	2,893	537
Other debtors	112	113	-	-
Finance lease receivables	15	21	-	-
Deferred tax assets	-	-	2,936	3,993
Prepayments and accrued income	<u>15,943</u>	<u>11,200</u>	<u>34</u>	<u>88</u>
	<u>22,602</u>	<u>20,275</u>	<u>128,860</u>	<u>146,648</u>

Trade debtors are stated after provisions for impairment of £0.936 million (2022: £1.292 million).

The amounts owed by group undertakings are unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. The interest receivable on intercompany loans is based on the blended third party interest payable plus 0.5 per cent.

The Company has deferred tax assets of £2.936 million in the current year relating to non trading timing differences (2022 £3.993 million).

20 Cash at bank and in hand

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Cash on hand	5	4	-	-
Cash at bank	<u>65,856</u>	<u>54,534</u>	<u>255</u>	<u>448</u>
	<u>65,861</u>	<u>54,538</u>	<u>255</u>	<u>448</u>

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****21 Creditors**

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Amounts falling due within one year				
Loans and borrowings	30,000	-	-	-
Trade creditors	6,667	6,223	-	-
Amounts owed to group undertakings	-	-	194,564	180,466
Other taxation and social security	1,072	955	24	117
Accruals and deferred income	51,156	41,421	6,626	5,946
	<u>88,895</u>	<u>48,599</u>	<u>201,214</u>	<u>186,529</u>
Amounts falling due after more than one year				
Loans and borrowings	344,470	399,375	-	25,000
Preference shares (note 27)	15,384	15,384	15,384	15,384
Accruals and deferred income	2,101	2,361	-	-
	<u>361,955</u>	<u>417,120</u>	<u>15,384</u>	<u>40,384</u>

The amounts owed to group undertakings are unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. The interest payable on intercompany loans is based on the blended third party interest payable plus 0.5 per cent. An intercompany loan has been re-presented in the current year to disclose the net intercompany position, compared to gross in the prior year.

22 Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Loans and borrowings	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Group		Company	
	2023	2022	2023	2022
	£ 000	£ 000	£ 000	£ 000
Non-current Loans and borrowings				
Loans and borrowings	339,738	394,643	-	25,000
Net premium arising on lease and leaseback	4,732	4,732	-	-
Preference shares (note 27)	15,384	15,384	15,384	15,384
	<u>359,854</u>	<u>414,759</u>	<u>15,384</u>	<u>40,384</u>

Birmingham Airport Holdings Limited

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

22 Loans and borrowings (continued)

Within loans and borrowings, the £30 million private placement senior notes A are repayable within one year. The other non-current loans and borrowings are payable in full after five years. Loans and borrowings are shown net of £1.262 million transaction costs (2022: £1.360 million). All loans are repayable in full at the end of the loan term. See note 24 for further information.

All loans and borrowing are unsecured.

23 Finance lease obligations

Group

The total of future minimum lease payments is as follows:

	2023 £ 000	2022 £ 000
Not later than one year	1,081	950
Later than one year and not later than five years	4,324	3,798
Later than five years	131,208	116,786
Total gross payments	136,613	121,534
Less: finance charges	(131,881)	(116,802)
Carrying amount of liability	4,732	4,732

The above lease is repayable after more than five years and includes contingent rent clauses, see note 33 for further information.

24 Financial instruments

Group

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

Funding

The Group's funding is provided by its £30 million 4.472 per cent Series A senior notes private placement maturing on 3 December 2023, £45 million 4.557 per cent Series B senior notes private placement maturing on 3 December 2028, £76 million 3.8 per cent senior notes private placement maturing on 30 March 2041, £90 million 3.21 per cent 2019 senior notes maturing on 24 January 2049, £85 million 2.44 per cent senior notes 2020 Series A private placement maturing on 24 January 2050, £45 million 2.49 per cent senior notes 2020 Series B private placement notes maturing on 21 May 2050, £25 million bank facility and £65.9 million cash reserves.

Interest Rate Risk

The interest rates on both the Series A and Series B senior notes are fixed at 4.472 per cent and 4.557 per cent. The interest rate on the £76 million senior notes is fixed at 3.8 per cent. The interest rate on the £90 million 2019 senior notes is fixed at 3.21 per cent. The interest rate on the £85 million 2020 senior notes Series A is fixed at 2.44 per cent. The interest rate on the £45 million 2020 senior notes Series B is fixed at 2.49 per cent. The interest rate on the loan facility is 0.7 per cent above the bank borrowing rate.

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****24 Financial instruments (continued)**

The Group's financial instruments are all categorised as basic financial instruments under section 11 of FRS 102. The Group has chosen not to measure the basic financial instruments at fair value through the Income Statement, therefore no further disclosures are required

Fixed rate financial liabilities	2023 Years remaining	2022 Years remaining
Sterling: Private placement senior notes series A	1	2
Sterling: Private placement senior notes series B	6	7
Sterling: Private placement senior notes	18	19
Sterling: Private placement senior notes 2019	26	27
Sterling: Private placement senior notes 2020 series A	27	28
Sterling: Private placement senior notes 2020 series B	28	29

25 Provisions for liabilities

Group	Other provisions £ 000	Deferred taxation £ 000	Total £ 000
At 1 April 2022	623	18,850	19,473
Release through income statement	(330)	1,953	1,623
Additions through statement of comprehensive income	-	17,609	17,609
Provisions used	(270)	-	(270)
At 31 March 2023	23	38,412	38,435

The group is fully committed to a positive environmental policy including the provision of a defined noise insulation scheme, financial penalties to support night flying restrictions and payments under the Land Compensation Act 1973 (LCA). Provisions are made in line with foreseen liabilities, with £0.270 million paid in the year and the balance of the previously held provision released (2022: £0.600 million). This covers the costs of any legal, property and administration expertise to process and defend any claims, as well as any actual liabilities that may be due. With regards to the noise insulation scheme, the future liability for the next twelve months is estimated at £0.200 million (2022: £0.200 million) and will be charged in the year to which it relates. There are no other provisions in the Company (2022: none).

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****25 Provisions for liabilities (continued)****Deferred tax****Group****Deferred tax assets and liabilities**

2023	Asset £ 000	Liability £ 000
Capital allowances in advance of depreciation	-	(11,285)
Other timing differences	1,461	-
Post employment benefits	3,200	-
Revaluation of land, buildings and infrastructure	-	(47,850)
Revaluation of investment property	-	(1,363)
Tax losses	14,399	-
Non trading timing differences	2,921	-
UK Property losses	105	-
	<u>22,086</u>	<u>(60,498)</u>
2022	Asset £ 000	Liability £ 000
Capital allowances in advance of depreciation	-	(10,916)
Other timing differences	1,215	-
Post employment benefits	5,456	-
Revaluation of land, buildings and infrastructure	-	(32,183)
Revaluation of investment property	-	(1,083)
Tax losses	14,567	-
Non trading timing differences	4,094	-
UK Property losses	-	-
	<u>25,332</u>	<u>(44,182)</u>

The value of deferred tax liabilities expected to reverse in the next year is £7.272 million (2022: £2.002 million).

26 Post employment benefits**Defined contribution pension scheme**

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £1.559 million (2022: £1.346 million).

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****26 Post employment benefits (continued)****Defined benefit pension schemes****Birmingham Airport Limited Pension Scheme**

A subsidiary undertaking operates a defined benefit pension arrangement called the Birmingham Airport Limited Pension Scheme (the scheme). The scheme provides benefits on a defined benefit basis. The following disclosures relate only to the scheme and to unfunded benefits supported by the Company.

The most recent full actuarial valuation was carried out with an effective date of 31 October 2021 using the projected unit method. During 2022/23 members pay 5.5 per cent of pensionable earnings, and the Group pays contributions so that overall contributions of 25.0 per cent of pensionable earnings are paid, taking account of salary sacrifice adjustments. Scheme expenses, other than life insurance premiums, are payable by the Group.

On 28 March 2013, Birmingham Airport Limited agreed an asset backed funding arrangement with the trustees of the pension scheme to help address the pension funding deficit. In connection with the arrangement, property with a fair value of £33.3 million was leased and subsequently leased back to a limited partnership established by the Group. The partnership is controlled by the Group. On 28 March 2013, Birmingham Airport Limited made a special contribution to the pension scheme of £25.3 million and on the same day the pension scheme used this contribution to acquire an interest in the partnership for its fair value of £25.3 million. The interest entitles the pension scheme to a distribution from the income of the partnership of £2 million per annum, increasing by 4 per cent per annum for fifteen years, with distribution payments made quarterly.

Principal actuarial assumptions

The principal actuarial assumptions at the Statement of Financial Position date are as follows:

	2023	2022
	%	%
Discount rate	4.80	2.60
Future salary increases	3.30	3.55
Future pension increases (RPI)	3.35	3.70
Future pension increases (CPI)	2.55	2.80

Post retirement mortality assumptions

	2023	2022
	Years	Years
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	25.00	24.00
Future UK pensioners at retirement age - male	23.00	24.00
Future UK pensioners at retirement age - female	26.00	26.00

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****26 Post employment benefits (continued)****Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

	2023	2022
	£ 000	£ 000
Fair value of scheme assets	133,767	193,570
Present value of defined benefit obligation	<u>(146,567)</u>	<u>(215,393)</u>
Defined benefit pension scheme deficit	<u>(12,800)</u>	<u>(21,823)</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2023	2022
	£ 000	£ 000
Present value at start of year	(215,393)	(231,186)
Current service cost	(1,097)	(1,356)
Interest cost	(5,527)	(4,564)
Actuarial gains	69,794	15,641
Benefits paid	5,694	6,116
Contributions by scheme participants	<u>(38)</u>	<u>(44)</u>
Present value at end of year	<u>(146,567)</u>	<u>(215,393)</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2023	2022
	£ 000	£ 000
Fair value at start of year	193,570	183,970
Interest income	5,043	3,684
Actuarial (losses)/gains	(65,639)	5,473
Employer contributions	6,449	6,515
Contributions by scheme participants	38	44
Benefits paid	<u>(5,694)</u>	<u>(6,116)</u>
Fair value at end of year	<u>133,767</u>	<u>193,570</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2023	2022
	£ 000	£ 000
Cash and cash equivalents	893	1,300
Diversified growth funds	<u>132,874</u>	<u>192,270</u>
	<u>133,767</u>	<u>193,570</u>

Diversified growth funds are predominately made up of equity and debt instruments.

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****26 Post employment benefits (continued)****Return on scheme assets**

	2023 £ 000	2022 £ 000
Return on scheme assets	<u>(60,596)</u>	<u>9,157</u>

The pension scheme has not invested in any of the Company's own financial instruments.

Total cost recognised as an expense totalled £1.097 million (2022: £1.356 million) for current service cost and £0.484 million (2022: £0.880 million) for interest cost. Included in the service cost is £0.100 million (2022: £0.109 million) relating to salary sacrificed.

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

	No. 000	2023 £ 000	No. 000	2022 £ 000
A Ordinary shares of £0.01 each	315,083	3,150.83	315,083	3,150.83
B Ordinary shares of £0.01 each	8,910	89.10	8,910	89.10
C Ordinary shares of £0.01 each	1	0.01	1	0.01
1 special (non participating) voting share of £1 each	-	-	-	-
	<u>323,994</u>	<u>3,240</u>	<u>323,994</u>	<u>3,240</u>

The 'B' ordinary shares carry the same rights as the 'A' ordinary shares except they have no voting rights. The 'C' ordinary shares only have voting rights relating to the appointment or removal of Directors. They are not entitled to participate in any dividend or any other distribution of income declared, made or paid by the Company, but have full distribution rights on winding up. The preference shares are classified as liabilities in the balance sheet (note 21). The 6.31% cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 6.31% per annum, payable half yearly in arrears on 31 December and 30 June. On a winding up of the Company preference shareholders have a right to receive, in preference to payments to ordinary shareholders, 1p per share plus any outstanding dividend payable. The preference shares carry no voting rights. The holder of the special voting share is not entitled to participate in any dividend or any other distribution of income declared, made or paid by the Company. On winding up, the holder of the special voting share has a right to receive the nominal value following payments to preference and ordinary shareholders.

Birmingham Airport Holdings Limited

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

28 Reserves

The merger reserve was created in 1997 when Birmingham Airport Holdings Limited acquired its interest in Birmingham Airport Limited and Euro-hub (Birmingham) Limited. The revaluation reserve was created in March 2016 when land, buildings and infrastructure assets were revalued and these assets were revalued again in March 2019. Certain operational assets whose fair value is based on income were revalued in March 2020. The assets were revalued in March 2023 with details included in note 15. The revaluation reserve transfer relating to the additional depreciation incurred in the income statement as a result of this revaluation was £0.689 million (2022: £0.901 million). In the prior year the substantively enacted tax rate changed to 25%, resulting in a £3.465 million transfer from revaluation reserve to increase the deferred tax provision.

ESOP Shares

Birmingham Airport Holdings Limited is the sponsoring Company of an ESOP Trust. 'B' ordinary shares to the value of £2.750 million were issued on 26 March 1997 by Birmingham Airport Holdings Limited.

The financial statements of the Trust are fully consolidated in the Company's financial statements because the Company is deemed to have a de facto control until such time as the shares held by the Trust vest unconditionally with the employees. A scheme has been agreed with HMRC under the All Employee Share Ownership Plan (AESOP) legislation with the first shares being bought by and gifted to employees in September 2001. The Trust bears its own expenses and has waived its right to the payment of dividends.

	Own Shares Number	Own Shares £ 000
Investment at 1 April 2022	4,659,593	3,285
Shares purchased from employees	146,973	169
Investment at 31 March 2023	<u>4,806,566</u>	<u>3,454</u>

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****29 Note to the cash flow statement**

	2023 £ 000	2022 £ 000
Cash flows from operating activities		
Profit/(loss) for the financial year	21,715	(21,993)
Adjustments to cash flows from non-cash items		
Depreciation and other grant release	26,817	27,434
Changes in fair value of investment property	(1,119)	(176)
Loss from disposal of investment properties	-	525
Finance income	(623)	(18)
Finance costs	15,035	15,299
Income tax income	8,458	(354)
	<u>70,283</u>	<u>20,717</u>
Working capital adjustments		
(Increase)/decrease in inventories	(190)	43
Increase in trade and other receivables	(3,526)	(9,359)
Increase/(decrease) in trade and other payables	7,858	(2,586)
Decrease in retirement benefit obligation net of actuarial changes	(5,352)	(5,159)
Decrease in provisions	(600)	(1,049)
Cash generated from operations	<u>68,473</u>	<u>2,607</u>

30 Reconciliation of changes in net debt

	At 1 April 2022 £ 000	Cash flow £ 000	Non-cash changes £ 000	At 31 March 2023 £ 000
Cash and cash equivalent	54,538	11,323	-	65,861
Private placement notes	(369,643)	-	(95)	(369,738)
Bank facility	(25,000)	25,000	-	-
Finance lease	(4,732)	-	-	(4,732)
Preference shares	(15,384)	-	-	(15,384)
Total investment	<u>(360,221)</u>	<u>36,323</u>	<u>(95)</u>	<u>(323,993)</u>

31 Commitments**Group****Capital commitments**

The total amount contracted for but not provided in the financial statements was £10.408 million (2022: £2.103 million).

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)****31 Commitments (continued)****Operating leases**

The total of future minimum lease payments is as follows:

	2023 £ 000	2022 £ 000
Not later than one year	66	41
Later than one year and not later than five years	82	49
	<u>148</u>	<u>90</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £0.073 million (2022: £0.033 million).

Operating lease arrangements where the group is lessor

The future minimum rentals receivable under non-cancelling operating leases are as follows:

	2023 £ 000	2022 £ 000
Not later than one year	1,312	1,130
Later than one year and not later than five years	5,086	4,767
Later than five years	39,228	38,783
	<u>45,626</u>	<u>44,680</u>

These non-cancellable leases have remaining terms of between two and ninety two years. All leases include a provision for upward rent reviews in accordance with specific lease terms at prevailing market conditions.

Birmingham Airport Holdings Limited

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

32 Contingent liabilities

Group

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 on 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 on 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. The notes are for a period of twenty five years maturing on 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 24 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.

Company

The Company, in its role as parent company to the Group, has provided a statutory guarantee to certain subsidiaries for all outstanding liabilities as 31 March 2023. The details of the statutory guarantees are included in note 16.

Birmingham Airport Holdings Limited

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

33 Related party transactions

West Midlands District Councils

Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Metropolitan Borough Council and Wolverhampton City Council ("The Districts") are shareholders.

In 1995 Birmingham Airport Limited entered into an arms length lease arrangement with Solihull Metropolitan Borough Council on behalf of The Districts, all of which were shareholders in the Airport at that time. Under such arrangements, the Airport granted a 999 year lease over land and buildings situated at Birmingham Airport in exchange for a total fair value premium of £100 million and a peppercorn rent. At the same time the shareholders granted Birmingham Airport Limited a 150 year lease over the same property for a total fair value premium of £96.5 million. The net premium arising as adjusted for associated stamp duty and legal costs has been treated as a finance lease in the financial statements of the Group and is disclosed in Note 22. Under the lease arrangement, the Company pays a basic rent of £0.6 million per annum from 1 April 2007 subsequently index linked each year for the remaining lease period. In addition, a turnover based rent is payable calculated as 0.4% of turnover less the basic rent in the period. The total amount payable in the year was £0.950 million (2022: £0.872 million). The amount at the end of the year was £4.732 million (2022: £4.732 million), all of which is due after more than one year.

In February 2002 the group completed a 150 year lease agreement with Birmingham City Council for land adjacent to the Airport site. A lease premium of £0.2 million was paid with a peppercorn rent for the remaining lease term along with costs of £0.002 million. The lease payments have been treated as a finance lease in the financial statements of the Group. The amount due at the end of the year was £nil.

Solihull Metropolitan Borough Council

Solihull Metropolitan Borough Council is the local authority for the Airport and transacts with the Group in a number of areas including business rates, planning applications and building control services. All of these transactions are carried out on an arms length basis at a full commercial rate. The business rates payable for 2022/23 were £5.700 million (2022: £5.633 million). At the end of the year the Group had prepaid £nil of the 2023/24 business rates (2022: £0.523 million).

Sandwell Metropolitan Borough Council

During the prior year Sandwell Metropolitan Borough Council occupied a property at the Airport. They incurred rent and recharges associated with this occupation of £0.166 million. All of these transactions were carried out on an arms length basis at a full commercial rate. The amount due at the end of the prior year was £0.001 million.

34 Parent and ultimate parent undertaking

Birmingham Airport Holdings Limited is owned by the Districts (see note 33), who hold 49 per cent of the ordinary shares, Airport Group Investments Limited, who hold 48.25 per cent of the ordinary shares and the Employee Share Ownership Plan who hold 2.75 per cent of the shares. No party or group of parties have ultimate control of the Group.