

REGISTERED NUMBER: 02116704 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
FOR
LIVERPOOL AIRPORT LIMITED**



LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

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FOR THE YEAR ENDED 31 MARCH 2020**

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LIVERPOOL AIRPORT LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS: R E Hough CBE
T M Power

REGISTERED OFFICE: Peel Dome
Intu Trafford Centre
Traffordcity
Manchester
M17 8PL

REGISTERED NUMBER: 02116704 (England and Wales)

AUDITOR: Deloitte LLP
Statutory Auditor
Manchester
United Kingdom
M3 3HF

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their Group Strategic Report for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Liverpool Airport Limited Group ("the group") comprises of the company and its subsidiaries.

The principal activities of the group during the year was the ownership and operation of a key regional airport, airport development, the provision of ancillary aviation services and provision of cleaning services. The activities of each company within the group are detailed below.

Liverpool Airport Limited

Liverpool Airport Limited trades as Liverpool John Lennon Airport (LJLA) and is a key regional airport which predominantly provides connectivity between the North West of England and Europe.

LJLA focuses on delivering a "Faster, Easier, Friendlier" experience and focuses passenger experience through short security process time, arrivals services and wayfinding. Building upon this, the current development programme is focused on enhancing the terminal experience, including the diversification of the retail offer.

LJLA generates revenue from aircraft, passenger handling, general aviation and charter flights. It also generates income through its commercial activities such as retail, car parking, and property.

Liverpool Airport Limited is subject to economic regulations under the Airports Act 1986 which require the Airport to obtain permission from the Civil Aviation Authority to levy airport charges.

Air Traffic Control Services Limited

Air Traffic Control Services Limited (ATCSL) is a wholly owned subsidiary of Liverpool Airport Limited which holds a European Air Navigation Service Providers (ANSP) Certificate allowing the provision of air traffic services to any airport within the European Union.

ATCSL currently provides services to three regional UK airports ranging from fully out-sourced air traffic services to resourcing consultancy. ATCSL also generates income through the provision of consultancy on wind farm mitigation solutions.

Liverpool Airport Services Limited (LASL)

Liverpool Airport Services Limited is a newly incorporated wholly owned subsidiary of Liverpool Airport Limited which provides specialist cleaning services.

Liverpool Airport Hotel Car Park Limited

Liverpool Airport Hotel Car Park Limited is a dormant subsidiary undertaking and did not trade during the current or preceding year.

BUSINESS REVIEW

The results for the group are presented in the consolidated financial statements. All results relate to continuing operations.

The group's success is driven by passenger numbers, including additional passengers through charters flights, the number of scheduled routes available to passengers and the number of based operators.

Passenger numbers of 4,840,966 (2019: 5,037,990) were handled during the year. During the 2019 calendar year it was the 11th largest UK airport.

The group achieved turnover of £36.7m (2019: £36.4m) and operating profit of £5.4m (2019: £4.2m).

Revenues were derived from aircraft and passenger handling charges and income from its commercial activities, particularly retail and car parking as well as property and general aviation.

The group made a loss after tax of £0.9m for the year ended 31 March 2020, which is an improvement on the prior year loss after tax of £2.0m for the year ended 31 March 2019.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The group's net liabilities have increased by £0.9m; from £44.6m in 2019 to £45.5m in 2020 due to the net loss for the year after the deduction of exceptional costs incurred relating to refinancing. The group has made significant repayments on external debt, bank loans have reduced by £6.4m; from £56.6m in 2019 to £50.2m in 2020.

The group continued to invest in its assets at the airport, with a total of £2.8m capital expenditure in the year (2019: £5.9m).

The outbreak of Covid-19 had a small impact on the group for the year ended 31 March 2020.

Dividends

No dividends will be distributed for the year ended 31 March 2020 (2019: same).

Going concern

The directors have adopted the going concern basis of preparation of the financial statements. This is discussed in further detail in notes to the financial statements (Note 2 - Accounting Policies).

Future developments

The group continues to focus on providing a high quality, cost effective service to low cost and charter airlines. The business is focused on improving the passenger experience and improvements in non-aero revenue ensuring that there continues to be adequate capacity to meet the demand in growth and creating the platform for profitable returns for the future. Costs continued to be closely managed.

Since the outbreak of Covid-19, business has seen a significant reduction in passenger numbers, revenue and operations as a consequence of the UK lockdown and the subsequent introduction of quarantine measures. Further detail regarding the ongoing impact of Covid-19 is detailed in the Accounting Policies (note 2).

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties described below are considered to have the most significant effect on the group's business, financial results, and prospects. The list is not intended to be exhaustive.

The group carries out detailed risk assessments to ensure that risks are assessed and, to the extent possible, mitigated.

The impact of government policies to protect public health, such as quarantine, have a material impact short term on the ability for passengers to freely travel which will impact revenue generation which have been built into short term forecasts. Whilst the travel industry is expected to recover from the Covid-19 pandemic, this will be in stages and freedom to travel will vary, not only country-by country, but also by region.

The cost of security provision, arising from the need to protect our national air borders, continues to increase. It should be highlighted that the cost resulting from having these more stringent security measures maintained at our airports cannot in all cases be recovered from airlines or passengers.

Growing regulatory costs and continued taxation, including changes in taxation policies, of the industry is a disadvantage when competing for business with competitor airports in the rest of the EU.

Other risks and uncertainties include the following:

- Uncertainty precipitated by the protracted nature of the UK's exit from the European Union and a continued lack of clarity over the UK's participation in the EU Open Skies regime and the European Economic Area;
- Continued weakness of Sterling and the impact this has on the affordability of overseas travel;
- Impact to consumer appetite for travel caused by terror attacks in recent years; and
- Growing structural cost pressure on the industry (economic regulation, airport policing and security costs), which is exacerbated by rising inflation.

The group continues to take an active part in Government consultations on UK aviation regulatory and aviation policy matters, thus ensuring the group continues to be well positioned in the domestic and international market whilst at the same time protecting its strategic interest and ensuring continued growth.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

SECTION 172 REPORTING

During the financial year the directors have complied with their duty to have regard to the matters in Section 172 (1) (a) - (f) of the Companies Act 2006. The directors believe they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

Principal decisions

The directors consider key stakeholders to be those who hold an interest in the organisation and are affected by the organization's actions, objectives, and policies. In making decisions, the directors assess the long-term impact on the business and its stakeholders and the desirability to maintain a reputation for high standards of business conduct. The principal decisions are those that are material to the members and all other key stakeholders of the business. Recently this has included the group refinancing of debt and the operational changes as a result of Covid-19, both of which are discussed in the going concern note (Note 2 - Accounting policies).

The group engages with each of its stakeholders through the directors at the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The directors use a variety of methods to do this, as detailed below.

Employees

The directors place considerable value on the involvement of its employees and has continued to keep them informed and involved in business decisions which will affect them as employees. This is detailed further in the Report of the Directors.

Environment and the community

The directors are conscious of its ongoing obligation to balance the potential environmental impacts of operating a regional airport with the social and economic benefits an airport brings a city and region it serves. This is detailed further in the Report of the Directors.

Business partners (airport visitors, customers, and suppliers)

The directors enter the group companies into arrangements which are viable and fair for the benefit of both the group and its business partners. The success of the airport is linked to the engagement of business partners across the airport, the directors recognise this and strive to maintain good working relationships through loyalty, regular communications, and involvement. This message is also relayed to the group's employees who are involved with the partners as part of ongoing business operations. The group's partners include large international businesses and several local organisations, which will help to benefit the community in which the airport operates. In the absence of dispute, supplier payments are settled promptly in line with their terms of payment. It expects the same in return from its customers. Due diligence is performed on all business partners.

Since the COVID-19 outbreak, the group has been working closely with its business partners to ensure ongoing and future business arrangements are viable, operationally and financially, and has made several new arrangements, which is key for COVID-19 recovery.

The need to act fairly as members of the group

The executive management team provide updates to the directors and shareholders through regular communication and board meetings. The directors involve all shareholders in key decision making, examples of this include commercial negotiations, operational issues, company financing.

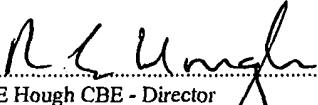
The policy of the group's shareholders is to maximise growth and returns. The directors are achieving this by maximising revenue, reducing costs, implementing operational efficiencies, whilst providing the best possible passenger experience to customers and being an employer of choice. The group is funded using external and shareholder borrowings. The borrowings have covenants attached which are carefully monitored on a continuous basis.

Other matters in regard to the matters in Section 172 (1) of the Companies Act 2006 are provided in the Report of the Directors, relating to the impact on the community and the environment, and employees.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

APPROVED AND SIGNED ON BEHALF OF THE BOARD:


.....
R E Hough CBE - Director

Date: 30 October 2020

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2020.

The directors have complied with section 414C (11) of the Companies Act 2006 by including certain disclosures required by section 416 (4) within the Strategic Report, including information relating to the group's financial performance and future business developments.

The directors have complied with section 172 (1) of the Companies Act 2006 by including certain disclosures in the Strategic Report and in the Report of Directors below, including further detail regarding employee interests, and environment and the community.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

R E Hough CBE has held office during the whole of the period from 1 April 2019 to the date of this report.

Other changes in directors holding office are as follows:

P J Hosker - resigned 17 September 2019

J A Irving - resigned 27 August 2019

T M Power - appointed 17 September 2019

N Lees - resigned 17 September 2019

EMPLOYEE INVOLVEMENT

The group's employment strategies are regularly reviewed and updated by the Board. The strategy is linked to business needs and has been designed to deliver the growth and development of our group and our people. Our employment policies are designed to provide equal opportunities irrespective of age, disability, ethnicity, gender, gender reassignment, marital status and civil partnership, nationality, pregnancy and maternity, race, religion and belief and sexual orientation.

The group has positive working relationships with the trade unions, in particular the GMB and Unite Unions. The group works in partnership with the trade unions to successfully resolve any conflict and works together to try and achieve corporate objectives and goals.

The group delivers a robust, wide ranging training programme, by utilising a network of in-house subject matter experts. All employees, whether part-time or full-time, temporary or permanent, are treated fairly and equally. The group selects employees for employment, promotion, training or other matters affecting their employment on the basis of aptitude and ability. A key aim of the business is to promote from within and the group's succession plans have been developed to assist with internal progression. All employees are assisted and encouraged to develop to their full potential so that their combined talents and resources of the team are fully utilised to maximise the efficiency of the organisation. The company has been recognised by the IIP with a Silver Award in 2020.

The directors ensure that employees can participate and engage in the business. Consultation takes place with employees or their representatives at all levels, with the aim of ensuring their views are taken fully into account when making strategic decisions. This is achieved through regular committee meetings which involve members from different areas of the organisation, team to manager feedback, employee engagement surveys, and team conference calls where employees have opportunities to provide feedback and ask questions to the senior leadership team. The directors continue to focus on improving communications with all employees. Business briefings are cascaded through the organisation to communicate key business and operational issues, this recently includes the ongoing impact of Covid-19.

The directors believe the People Strategy plays an important role in the success of the business in shaping the culture and working environment for employees. The values include creating success through creativity, working as one team to achieve business success, being responsible by putting health and safety of customers and colleagues first, and being proud by going the extra mile and celebrating success.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the group to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other group employees and if necessary, retraining is given to an employee who becomes disabled whilst in the group's employment.

ENVIRONMENT AND THE COMMUNITY

The group is conscious of its ongoing obligation to balance the potential environmental impacts of operating a regional airport with the social and economic benefits an airport brings a city and region it serves.

The group continues to work hard to minimise the environmental impact of its operation at a local and global level; working to reduce the impact of noise on the local environment and our carbon emissions on the wider environment. A holistic approach to sustainability is embraced, putting it at the heart of new investment decisions whether this is through large new projects or refurbishing existing properties to give both economic and environmental benefit for the longer term. Good environmental practices and performance are promoted across the airport community to reduce environmental risk at all levels.

Carbon Reduction Commitment (CRC)

During the financial year ended 31 March 2019, the group had a duty under the CRC to record and report the annual CO2 emissions of the airport's operations. The total CRC eligible CO2 emissions for the group was 4,480 tonnes, which was a reduction on the previous year ended 31 March 2018.

The CRC Energy Efficiency Scheme (Revocation and Savings) Order 2018 came into force on 1 October 2018. Therefore the final compliance year was the financial year ended 31 March 2019.

Streamlined Energy Carbon Reporting (SECR)

From 1 April 2019 onwards, SECR requires many companies formerly within the scope of the CRC to report energy consumption and energy efficiency actions.

There is no mandatory requirement for the company to report under SECR. However independent verification on all sources of GHG emissions and energy usage and additional disclosure have been made below on a voluntary basis for the current reporting year. No disclosures have been made in respect of the comparative year.

SECR reporting data for the year ended 31 March 2020:

Breakdown of the total gross CO2e:

	Tonnes/CO2e
Direct emissions from business activities from combustion of gas, gas oil, diesel, kerosene, LPG, fuel for transport services, and vehicles where the company purchases the fuel	1,272.53
Indirect emissions from electricity purchased for own use, including for the purposes of transport	1,587.86
Total gross CO2e	<u>2,860.39</u>

Breakdown of energy consumption used to calculate emissions:

	kwh
Gas	5,460,783.00
Gas oil	526,514.00
Diesel	396,761.00
Kerosene and LPG	58,903.95
Company fuel and mileage	38,629.71
Electricity	6,810,770.00
Energy consumption used to calculate emissions	<u>13,292,361.66</u>

Intensity ratio

Kg CO2e / Passenger

CO2e /PAX

0.59

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

Reporting boundary and methodology

The data reported relates to Liverpool Airport Limited which is the main trading company.

As part of the independent assessment, data was gathered from various sources such as meter readings, fuel usage, mileage, and fuel cards. This was then categorised into two scopes.

Scope 1 includes all direct emissions from the activities of the company and other activities under its control, including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 includes all indirect emissions from electricity purchased and used by the company. Also included are the generation or consumption of heat or steam. Emissions are created during the production of the energy and eventually used by the company.

By using the latest figures provided by the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (DEFRA), the usable data has been converted into Tonnes of Carbon Dioxide equivalent (tonnes of CO₂e).

The intensity measure variable used the total kilograms of carbon dioxide equivalent emitted per passenger number. This is because this is a longstanding metric used by the company over a number of years and provides the best comparison across time to determine the energy performance of the site and how that varies with the number of people choosing to fly via this airport and this is somewhat of a standard of measurement across the aviation industry.

Energy efficiency actions

During the year ended 31 March 2020, the company has taken several steps to improve energy efficiency including purchasing energy saving investments such as equipment upgrades and metering improvements to monitor energy and utility consumption. A key investment includes the continuation of phasing non-LED lighting, which is part of a multi-year strategy as this is the most optimised way of installing efficient lighting.

The company also aims to create a cultural awareness of the environmental and financial benefits from sustainability, through providing behaviour change training to all employees, with particular emphasis on space heating and efficient temperature controls, to prevent human error driven over consumption.

The company is continuing to improve its data collation system to record energy and carrying out energy auditing to ensure that any non-essential energy systems are operating most efficiently, which is a key measure in today's climate.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to several financial risks, including price risk, credit risk, liquidity risk and cash flow risk. Details of these risks, including how they are managed, are detailed below.

Price risk

Price risk relating to the value of the group's investments is managed through regular review of the business operations and commercial contracts, in order to ensure the best results and performance are being achieved.

Cash flow risk

The company has no exposure to foreign currency risk. Interest risk is managed through refinancing of existing debt at fixed interest rates, with the aim to refinance in the next few years again under more favourable terms.

Credit risk

Credit risk, being the risk that a counterparty will not meet its obligations and lead to a financial loss, is managed through regular review of debts from all customers. Any debts where there is exposure to credit risk have been provided for as part of the bad debt provision. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Liquidity risk

The group prepares cash flow projections and sensitivity analysis on a regular basis to ensure that it maintains sufficient cash and credit facilities to meet its liquidity requirements.

Existing group debt has been refinanced post year end and the group is expected to have adequate source of funding to finance and manage its liquidity position for at least 12 months from the signing of the financial statements.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

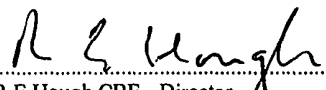
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, Deloitte LLP will be deemed to be reappointed and will therefore continue in office.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:


R E Hough CBE - Director

Date: 30 October 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)**

FOR THE YEAR ENDED 31 MARCH 2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Liverpool Airport Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes to the consolidated cash flow statement 1 to 3; and
- the related notes to the consolidated financial statements 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)**

FOR THE YEAR ENDED 31 MARCH 2020

Report on the audit of the financial statements - continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)**

FOR THE YEAR ENDED 31 MARCH 2020

Report on the audit of the financial statements - continued

Rachel Argyle

Rachel Argyle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom
M3 3HF

Date: 30 October 2020
Date:

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	4	36,730	36,462
Cost of sales		<u>(17,402)</u>	<u>(16,797)</u>
GROSS PROFIT		19,328	19,665
Administrative expenses		<u>(13,969)</u>	<u>(15,426)</u>
OPERATING PROFIT	7	5,359	4,239
Operating profit before exceptional items		4,926	4,407
Exceptional income/(expense)	9	<u>433</u>	<u>(168)</u>
OPERATING PROFIT	7	5,359	4,239
Interest receivable and similar income	10	<u>37</u>	<u>23</u>
		5,396	4,262
Interest payable and similar expenses	11	<u>(6,322)</u>	<u>(6,404)</u>
LOSS BEFORE TAXATION		(926)	(2,142)
Tax on loss	12	<u>6</u>	<u>179</u>
LOSS FOR THE FINANCIAL YEAR		<u>(920)</u>	<u>(1,963)</u>
Loss attributable to: Owners of the parent		<u>(920)</u>	<u>(1,963)</u>

The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

Notes	2020 £'000	2019 £'000
LOSS FOR THE YEAR	(920)	(1,963)
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(920)</u>	<u>(1,963)</u>
Total comprehensive loss attributable to: Owners of the parent	<u>(920)</u>	<u>(1,963)</u>

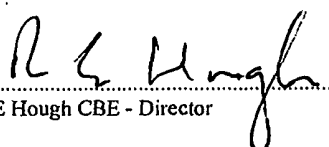
The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

CONSOLIDATED BALANCE SHEET
31 MARCH 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	14	49,172	50,402
Investments	15	-	-
		<u>49,172</u>	<u>50,402</u>
CURRENT ASSETS			
Stocks	16	75	40
Debtors	17	2,737	4,944
Cash at bank and in hand		<u>6,421</u>	<u>9,312</u>
		9,233	14,296
CREDITORS			
Amounts falling due within one year	18	<u>(88,471)</u>	<u>(9,732)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(79,238)</u>	<u>4,564</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(30,066)	54,966
CREDITORS			
Amounts falling due after more than one year	19	<u>(15,419)</u>	<u>(99,531)</u>
NET LIABILITIES		<u>(45,485)</u>	<u>(44,565)</u>
CAPITAL AND RESERVES			
Called up share capital	24	126,078	126,078
Share premium	25	2,500	2,500
Capital contribution reserve	25	589	1,349
Merger reserve	25	(2,854)	(2,854)
Retained losses	25	<u>(171,798)</u>	<u>(171,638)</u>
SHAREHOLDERS' FUNDS		<u>(45,485)</u>	<u>(44,565)</u>

The financial statements were approved by the Board of Directors on 30 October 2020 and were signed on its behalf by:


R E Hough CBE - Director

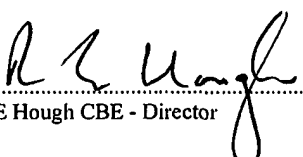
The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

COMPANY BALANCE SHEET
31 MARCH 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	14	49,172	50,402
Investments	15	<u>2,854</u>	<u>2,854</u>
		<u>52,026</u>	<u>53,256</u>
CURRENT ASSETS			
Stocks	16	75	40
Debtors	17	3,239	4,676
Cash at bank and in hand		<u>5,946</u>	<u>8,602</u>
		9,260	13,318
CREDITORS			
Amounts falling due within one year	18	<u>(94,034)</u>	<u>(13,612)</u>
NET CURRENT LIABILITIES		<u>(84,774)</u>	<u>(294)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(32,748)	52,962
CREDITORS			
Amounts falling due after more than one year	19	<u>(15,419)</u>	<u>(99,531)</u>
NET LIABILITIES		<u>(48,167)</u>	<u>(46,569)</u>
CAPITAL AND RESERVES			
Called up share capital	24	126,078	126,078
Share premium	25	2,500	2,500
Capital contribution reserve	25	589	1,349
Retained losses	25	<u>(177,334)</u>	<u>(176,496)</u>
SHAREHOLDERS' FUNDS		<u>(48,167)</u>	<u>(46,569)</u>
Company's loss for the financial year		<u>(1,598)</u>	<u>(2,930)</u>

The financial statements were approved by the Board of Directors on 30 October 2020 and were signed on its behalf by:


R E Hough CBE - Director

The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £'000	Retained losses £'000	Share premium £'000
Balance at 1 April 2018	126,078	(170,435)	2,500
Changes in equity			
Deficit for the year	-	(1,963)	-
Total comprehensive loss	-	(1,963)	-
Transfer of capital contribution to the profit and loss reserve	-	760	-
Balance at 31 March 2019	<u>126,078</u>	<u>(171,638)</u>	<u>2,500</u>
Changes in equity			
Deficit for the year	-	(920)	-
Total comprehensive loss	-	(920)	-
Transfer of capital contribution to the profit and loss reserve	-	760	-
Balance at 31 March 2020	<u>126,078</u>	<u>(171,798)</u>	<u>2,500</u>
	Capital contribution reserve £'000	Merger reserve £'000	Total equity £'000
Balance at 1 April 2018	2,109	(2,854)	(42,602)
Changes in equity			
Deficit for the year	-	-	(1,963)
Total comprehensive loss	-	-	(1,963)
Transfer of capital contribution to the profit and loss reserve	(760)	-	-
Balance at 31 March 2019	<u>1,349</u>	<u>(2,854)</u>	<u>(44,565)</u>
Changes in equity			
Deficit for the year	-	-	(920)
Total comprehensive loss	-	-	(920)
Transfer of capital contribution to the profit and loss reserve	(760)	-	-
Balance at 31 March 2020	<u>589</u>	<u>(2,854)</u>	<u>(45,485)</u>

The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £'000	Retained losses £'000	Share premium £'000	Capital contribution reserve £'000	Total equity £'000
Balance at 1 April 2018	126,078	(174,326)	2,500	2,109	(43,639)
Changes in equity					
Deficit for the year	-	(2,930)	-	-	(2,930)
Total comprehensive loss	-	(2,930)	-	-	(2,930)
Transfer of capital contribution to the profit and loss reserve	-	760	-	(760)	-
Balance at 31 March 2019	<u>126,078</u>	<u>(176,496)</u>	<u>2,500</u>	<u>1,349</u>	<u>(46,569)</u>
Changes in equity					
Deficit for the year	-	(1,598)	-	-	(1,598)
Total comprehensive loss	-	(1,598)	-	-	(1,598)
Transfer of capital contribution to the profit and loss reserve	-	760	-	(760)	-
Balance at 31 March 2020	<u>126,078</u>	<u>(177,334)</u>	<u>2,500</u>	<u>589</u>	<u>(48,167)</u>

The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	1	10,700	11,227
Taxation refund		-	190
Net cash from operating activities		<u>10,700</u>	<u>11,417</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,298)	(5,237)
Sale of tangible fixed assets		1,560	30
Interest received		37	22
Net cash from investing activities		<u>(2,701)</u>	<u>(5,185)</u>
Cash flows from financing activities			
Bank loan and overdraft interest paid		(1,646)	(1,629)
Bank facility fees		(45)	(48)
Loans from group members		-	2,441
Loan repayments		(11,070)	(3,219)
Rolling credit facility drawdown		1,900	-
Finance lease rental interest		(29)	(17)
Net cash from financing activities		<u>(10,890)</u>	<u>(2,472)</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,891)</u>	<u>3,760</u>
Cash and cash equivalents at beginning of year	2	9,312	5,552
Cash and cash equivalents at end of year	2	<u>6,421</u>	<u>9,312</u>

The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £'000	2019 £'000
Loss before taxation	(926)	(2,142)
Depreciation charges	4,042	3,787
Profit on disposal of fixed assets	(1,300)	(10)
Release of grant income	(1,295)	(1,295)
Finance costs	6,322	6,404
Finance income	(37)	(23)
	6,806	6,721
(Increase)/decrease in stocks	(35)	7
Decrease in trade and other debtors	2,207	6,188
Increase/(decrease) in trade and other creditors	1,722	(1,689)
Cash generated from operations	10,700	11,227

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31/3/20 £'000	1/4/19 £'000
Cash and cash equivalents	6,421	9,312

Year ended 31 March 2019

	31/3/19 £'000	1/4/18 £'000
Cash and cash equivalents	9,312	5,552

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/19 £'000	Cash flow £'000	Transfer to current liabilities £'000	Other non-cash changes £'000	At 31/3/20 £'000
Net cash					
Cash at bank and in hand	9,312	(2,891)	-		6,421
	9,312	(2,891)	-		6,421
Debt					
Debts falling due within 1 year	-	-	(47,411)	(2,740)	(50,151)
Debts falling due after 1 year	(56,581)	9,170	47,411	-	-
	(56,581)	9,170	-	(2,740)	(50,151)
Total	(47,269)	6,279	-	(2,740)	(43,730)

The notes on pages 22 to 38 form part of these financial statements

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

4. ANALYSIS OF CHANGES IN NET DEBT - DETAILS OF MOVEMENTS

Debt includes external bank loans which are included in current liabilities (note 18). Net debt cash flow movements include £11,070,178 total loan repayments and £1,900,000 loan receipt from a drawdown on the rolling credit facility. Other non-cash flow movements in the year include additional bank loan interest of £2,635,868 capitalised and £104,037 bank fees amortised in the year.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. STATUTORY INFORMATION

Liverpool Airport Limited ("the parent" or "the company") and its subsidiaries are a group of private companies, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The parent company's registered number is shown on the Company Information page, along with the registered office address of all companies in the group.

The presentation currency of the financial statements is the Pound Sterling (£). This is also the functional currency of the primary economic environment in which the company and group operates.

The nature of the group's operations and its principal activities are the ownership and operation of a key regional airport, airport development, the provision of ancillary aviation services and cleaning services.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company financial statements include information about the company as a single entity and the consolidated financial statements include information about the group.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on the going concern basis notwithstanding the net liabilities of the group of £45.5m and company of £48.2m, also due to the fact that the group made a loss after tax of £0.9m for the year ended 31 March 2020, which is an improvement on the prior year loss after tax of £2.0m for the year ended 31 March 2019.

The financial statements have been prepared on the going concern basis notwithstanding the net liabilities of the group of £45.5m and company of £48.2m, also due to the fact that the group made a loss after tax of £0.9m for the year ended 31 March 2020, which is an improvement on the prior year loss after tax of £2.0m for the year ended 31 March 2019.

Going concern has been assessed on a group basis for the Liverpool Airport (Intermediate) No.1 Limited and its subsidiary undertakings, support has been offered and guaranteed by group companies who are deemed to have sufficient resources.

The directors have received confirmation from Liverpool Airport (Intermediate) No.1 Limited ("the group"), will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. In considering the ability of the group to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of the group's consolidated forecasts, the continuing availability of its facilities and its strategic and contingent plans. These forecasts show that sufficient resources remain available to the business for the next twelve months after taking account of realistically possible changes in performance, including those arising from the global Covid-19 pandemic which are detailed further below.

The business has seen a significant reduction in passenger numbers, revenue, and operations as a consequence of the UK lockdown and the subsequent introduction of quarantine measures. There have been significant efforts from the management team to reduce operational costs, securing a reduction in costs of over 30%. This has been achieved by re-negotiating key support contracts and extended payment terms, with many of these savings secured for future years. The Government furlough scheme and Job support scheme will also be utilised, alongside temporary reductions in staff salaries and a reduction in overall staff head count. These savings will support the business cash flow should the industry not recover until 2021. As part of the forecasting for 2021, various sensitivities have been considered to assess severe but plausible scenarios, which include the impact of further restrictions and lock downs. A refinancing of existing debt was completed 14th August 2020, which has increased the availability of cash to support the operations of the business through the Covid-19 pandemic and the associated travel and economic restrictions.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES

Going concern - continued

The directors have prepared cash flow projections for the period to October 2021 which show that the group is capable of continuing to operate within its available bank facilities and is projected to meet the covenant tests set out within these facilities for the foreseeable future. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

Whilst the directors consider that there is a degree of subjectivity involved in their assumptions, they have a reasonable expectation that the parent company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

FRS 102 - Reduced disclosure exemptions

The group has taken advantage of the following disclosure exemptions in preparing the financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company results are consolidated into the financial statements of its parent company, Liverpool Airport (Intermediate) No.1 Limited, which can be obtained from Companies House.

The company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the following disclosure exemptions in preparing the company financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statements of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation

All subsidiaries consolidated are deemed to be controlled by the parent company who holds 100% shareholding in each subsidiary and full voting power.

In preparing consolidated financial statements, group members assets, liabilities, equity, income and expenses have been combined. The parent's investment in the subsidiary is eliminated, along with a related amount in equity in each subsidiary. Intragroup transactions and balances are eliminated in full, along with any profit and losses resulting from intragroup transactions recognised in assets.

Subsidiaries are consolidated from the date of acquisition, up to the date the parent ceases to control the subsidiary. Group reconstructions are accounted for under merger accounting.

All group members have uniform accounting policies and reporting year end dates.

Related party exemption

The company has taken advantage of exemption, under section 33 of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities have been eliminated on consolidation are not disclosed within the financial statements.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

~~NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS--continued--~~
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Airport, cleaning and air traffic income represents the amounts receivable in respect of facilities and services provided during each year, and is recognised as the facilities and services are provided. Property rental income and the appropriate allocation of rental premiums are accounted for on a straight line basis over the lease term.

Interest

Interest receivable and payable is accounted for on a time basis using the applicable rates.

Interest payable directly attributable to the course of development of fixed assets is capitalised and included in the cost of the assets on the balance sheet.

Exceptional items

Exceptional items include material income or costs that arise from events or transactions that fall outside of the ordinary activities and are not expected to recur.

In accordance with Section 5 of FRS102, additional information regarding the nature and amounts is disclosed in the notes, these items are also presented separately on the face of the Income Statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Land	Not depreciated
Freehold buildings	10 to 50 years
Runways, apron, lighting & car parks	5 to 100 years
Other assets	5 to 50 years

Other assets include plant and machinery, fixtures and fittings, motor vehicles and computer equipment.

The carrying amounts of the group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised and taken to the statement of comprehensive income, unless they arise on a previously revalued fixed asset. Impairment losses are allocated to individual assets within an income-generating unit by cost.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Government grants

Government grants are recognised on the accruals basis and are measured at the fair value of the asset expected to be received.

Grants relating to revenue expenditure are recognised over the period in which the related costs are recognised.

Grants relating to capital expenditure are recognised over the expected useful life of the asset. In circumstances where the grant income is deferred, the asset is recognised and the income deferred and included within creditors.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Stock

Stock is valued at the lower of cost and net realisable value, which is the selling price less costs to sell. Stock is valued using the first-in, first-out method. Provisions are made for obsolete, slow moving and defective items where necessary.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments - continued

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the company's Balance Sheet, investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

During the group financial statement consolidation, current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

During the group financial statement consolidation, deferred tax assets and liabilities are only offset if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the scheme are charged to profit or loss in the period to which they relate. Deductions for Corporation Tax relief are made once contributions are paid over to the scheme.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Impairment of non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (CGU) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Impairment of financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The following are the critical judgements and sources of estimation uncertainty that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The group has entered into a number of long term contracts in previous years. Revenue has been recognised when the group has a contractual entitlement to receive revenue and the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue is appropriate.

Key sources of estimation uncertainty

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 value of assets and liabilities within the next financial year are addressed below:

Impairment of fixed assets

Determining whether tangible fixed assets and fixed asset investments are impaired requires an estimation of their value in use to the group and parent company. The value in use calculation requires management to estimate the future cash flows expected to arise from the asset and apply a suitable discount rate in order to calculate present value. The ongoing impact of Covid-19 is currently a key matter of uncertainty, the company has taken various measures and carried out tests based on a number of different recovery scenarios over the next 3 years. These have been used to assess the impact of the pandemic on future cash flows and earnings of the business. It has been determined that there is sufficient headroom and no impairment is required in the current year. The value of the fixed assets is shown on the balance sheet and broken down further in the notes to the financial statements.

LIVERPOOL AIRPORT LIMITED (REGISTERED NUMBER: 02116704)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

4. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2020	2019
	£'000	£'000
Airport and other income	33,770	33,348
Air traffic control income	<u>2,961</u>	<u>3,114</u>
	<u><u>36,731</u></u>	<u><u>36,462</u></u>

Group turnover relates to activities wholly undertaken in the United Kingdom.

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Wages and salaries	10,635	10,287
Social security costs	1,149	1,089
Other pension costs	<u>604</u>	<u>553</u>
	<u><u>12,388</u></u>	<u><u>11,929</u></u>

The average number of employees during the year was as follows:

	2020	2019
Airport operational and maintenance	244	210
Administration, management and directors	<u>46</u>	<u>46</u>
	<u><u>290</u></u>	<u><u>256</u></u>

The employee numbers above are based on a monthly average. The above costs and staff numbers are inclusive of executive directors.

6. DIRECTORS' EMOLUMENTS

	2020	2019
	£	£
Directors' remuneration	192,385	183,829
Directors' pension contributions to money purchase schemes	<u>4,338</u>	<u>10,500</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><u>1</u></u>	<u><u>1</u></u>
------------------------	-----------------	-----------------

Directors' remuneration is borne by Liverpool Airport Limited and is not re-apportioned between another companies as fair apportionment cannot be determined.

Other directors' remuneration is paid through other shareholder companies and not recharged as no fair apportionment can be determined.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation - owned assets	4,042	3,787
Profit on disposal of fixed assets	(1,300)	(10)
Amortisation of capital grants	(1,295)	(1,295)
Hire of plant and machinery under operating leases	63	71
Bad debts written off	<u>79</u>	<u>10</u>

8. AUDITORS' REMUNERATION

	2020 £'000	2019 £'000
Audit of these financial statements	33	32
Audit of other group members financial statements	<u>14</u>	<u>8</u>
Total audit fees payable to the auditor	<u>47</u>	<u>40</u>
Tax compliance services	20	20
Covenant compliance services	<u>-</u>	<u>4</u>
Total non-audit fees payable to the auditor	<u>20</u>	<u>24</u>

9. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Proceeds from disposals under long leases	1,300	-
Group restructuring costs	(276)	(168)
Group refinancing costs	<u>(591)</u>	<u>-</u>
Total exceptional income/(expense)	<u>433</u>	<u>(168)</u>

Exceptional items are those that are deemed to be one-off in nature, these items are not deemed to fall within the company's usual operating activities, therefore are presented separately on the face of the Income Statement.

A group reorganisation has been undertaken across the wider group, which has resulted in additional costs of £276,296 (2019: £168,386).

The group has been refinancing existing external debt, which has resulted in additional costs of £591,043 (2019: £Nil).

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Bank and deposit interest	37	22
Other interest	<u>-</u>	<u>1</u>
	<u>37</u>	<u>23</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Group interest	2,530	2,241
Bank loan and overdrafts	3,768	4,153
Hire purchase	<u>24</u>	<u>10</u>
	<u>6,322</u>	<u>6,404</u>

12. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2020	2019
	£'000	£'000
Current tax:		
Prior year corporation tax	<u>(12)</u>	<u>(177)</u>
Deferred tax:		
Current year deferred tax	(1)	(2)
Prior year deferred tax	<u>7</u>	<u>-</u>
Total deferred tax	<u>6</u>	<u>(2)</u>
Tax on loss	<u>(6)</u>	<u>(179)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£'000	£'000
Loss before tax	<u>(927)</u>	<u>(2,142)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(176)	(407)
Effects of:		
Expenses not deductible for tax purposes	937	1,062
Income not taxable for tax purposes	(238)	(240)
Adjustments to tax charge in respect of previous periods	(6)	(177)
Deferred tax movement not provided for	(1,439)	(417)
Group relief	(4)	-
Transfer pricing adjustments	(3,737)	-
Gains and rollover relief	223	-
Corporate interest restriction disallowance	<u>4,434</u>	<u>-</u>
Total tax credit	<u>(6)</u>	<u>(179)</u>

Factors that may affect future current and deferred tax charges

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. This has subsequently been revoked and future current tax charges are expected to remain at 19%.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

13. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The company made a loss for the year of £1.598m (2019: £2.930m) as disclosed on the company balance sheet.

14. TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings £'000	Runway, apron, lighting and car parks £'000	Plant and machinery £'000
COST			
At 1 April 2019	108,689	60,924	39,284
Additions	1,130	17	1,310
Disposals	(52)	-	(833)
At 31 March 2020	<u>109,767</u>	<u>60,941</u>	<u>39,761</u>
DEPRECIATION			
At 1 April 2019	81,732	49,053	31,006
Charge for year	1,646	723	1,096
Eliminated on disposal	(52)	-	(833)
At 31 March 2020	<u>83,326</u>	<u>49,776</u>	<u>31,269</u>
NET BOOK VALUE			
At 31 March 2020	<u>26,441</u>	<u>11,165</u>	<u>8,492</u>
At 31 March 2019	<u>26,957</u>	<u>11,871</u>	<u>8,278</u>

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST				
At 1 April 2019	2,615	4,738	1,117	217,367
Additions	230	29	96	2,812
Disposals	(59)	(5)	-	(949)
At 31 March 2020	<u>2,786</u>	<u>4,762</u>	<u>1,213</u>	<u>219,230</u>
DEPRECIATION				
At 1 April 2019	1,360	3,705	109	166,965
Charge for year	287	88	202	4,042
Eliminated on disposal	(59)	(5)	-	(949)
At 31 March 2020	<u>1,588</u>	<u>3,788</u>	<u>311</u>	<u>170,058</u>
NET BOOK VALUE				
At 31 March 2020	<u>1,198</u>	<u>974</u>	<u>902</u>	<u>49,172</u>
At 31 March 2019	<u>1,255</u>	<u>1,033</u>	<u>1,008</u>	<u>50,402</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

14. TANGIBLE FIXED ASSETS - continued

Group

Included in cost of land and buildings is freehold land of £3,831,731 (2019 - £3,831,731) which is not depreciated.

All fixed assets are owned by Liverpool Airport Limited.

15. FIXED ASSET INVESTMENTS

	Company	
	2020	2019
	£'000	£'000
Investments in subsidiary undertakings - at cost and net book value	<u>2,854</u>	<u>2,854</u>

The company's investments at the Balance Sheet date include share capital of the following directly owned subsidiaries:

Name of subsidiary undertaking	Principal activity	Holding	%
Air Traffic Control Services Limited	Air traffic service provider	1 ordinary £1 share	100
Liverpool Airport Services Limited	Cleaning service provider	1 ordinary £1 share	100
Liverpool Airport Hotel Car Park Limited	Dormant	1 ordinary £1 share	100

All of the above subsidiaries were incorporated in England and Wales and are registered at the address shown on the Company Information page.

16. STOCKS

	Group	Company	
	2020	2019	2020
	£'000	£'000	£'000
Stocks	<u>75</u>	<u>40</u>	<u>75</u>

There is no material difference between the valuation of consumable stock and their replacement cost.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2020	2019	2020
	£'000	£'000	£'000
Trade debtors	1,975	2,321	1,940
Amounts owed by group undertakings	36	-	485
Amounts owed by participating interests	44	317	65
Other debtors	3	44	2
Corporation tax	12	2	12
Deferred tax asset	4	9	-
VAT	-	240	80
Prepayments and accrued income	<u>663</u>	<u>2,011</u>	<u>655</u>
	<u>2,737</u>	<u>4,944</u>	<u>3,239</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The above debtors are due within one year. Amounts owed by group companies are unsecured, interest free and repayable on demand. Amounts owed by related parties are on an arm's length basis and cash settlement is expected under the ordinary course of business.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 20)	50,151	-	50,151	-
Trade creditors	2,468	1,440	2,466	1,436
Amounts owed to group undertakings	28,630	-	34,674	4,225
Social security and other taxes	311	281	181	155
VAT	59	-	-	-
Other creditors	407	428	355	386
Accruals and deferred income	5,150	6,288	4,912	6,115
Unamortised capital grants	<u>1,295</u>	<u>1,295</u>	<u>1,295</u>	<u>1,295</u>
	<u>88,471</u>	<u>9,732</u>	<u>94,034</u>	<u>13,612</u>

The above creditors are due within one year. Other than the amounts listed below, all amounts owed to group companies and related parties are unsecured, interest free and cash settlement is expected under the ordinary course of business.

Amounts owed to group undertakings

Amounts owed to group companies include shareholder loans which were classified as non-current liabilities in the preceding financial year.

Amounts owed to group companies also includes shareholder loans of £18,915,497 (2019: £17,145,968 - Note 19) that are repayable in August 2020 and bear interest at 10% per annum.

Amounts owed to group companies also includes interest free shareholder loans of £9,714,261 (2019: £8,954,261 - Note 19) that are repayable in August 2020. In accordance with FRS 102, the loans are held at amortised cost and the discount is being unwound by recognising an interest expense at an assumed interest rate 10% over the term of the loan.

In the year ended March 2020, deemed interest of £760,000 (2019: same) has been recognised as a finance cost, then a reserves transfer for the same amount has been made between the Retained Losses reserve and Capital reserve.

Bank loans

Bank loans were classified as non-current liabilities in the preceding financial year.

Bank loans of £50,150,714 (2019: £56,580,922) bear interest at LIBOR plus applicable margin. The unutilised element of the bank loan facility was the remaining amount on the revolving credit facility of £1,900,000 (2019: £3,000,000).

Bank loans are stated net of transaction issue costs of £39,013 (2019: £143,051) and a debt service reserve account of £850,078 (2019: £850,078). In accordance with Section 11 of FRS 102, the bank loan issue costs are being spread over the term of the finance that they relate to.

Since the financial year end, the group has now successfully secured alternate financing arrangements to settle the bank loan liabilities, further details have been disclosed later in the notes as part of the Post Balance Sheet Event note.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans (see note 20)	-	56,581	-	56,581
Amounts owed to group undertakings	-	26,100	-	26,100
Accruals and deferred income	6,060	6,196	6,060	6,196
Unamortised capital grants	<u>9,359</u>	<u>10,654</u>	<u>9,359</u>	<u>10,654</u>
	<u>15,419</u>	<u>99,531</u>	<u>15,419</u>	<u>99,531</u>

The above shareholder and bank loans are now classified as current liabilities.

20. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank loans	<u>50,151</u>	<u>-</u>	<u>50,151</u>	<u>-</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>-</u>	<u>56,581</u>	<u>-</u>	<u>56,581</u>

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Company	Non-cancellable operating leases	
	2020	2019
	£'000	£'000
Within one year	<u>-</u>	<u>31</u>

Operating leases held relate to company vehicles and photocopier equipment, all leases held are now cancellable. Total operating lease payments of £63,145 have been recognised as an expense in the year (2019: £68,846).

22. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans	<u>50,151</u>	<u>56,581</u>	<u>50,151</u>	<u>56,581</u>

Bank loans are secured by a debenture giving a fixed charge over all land and other fixed assets and a floating charge over all other assets of the company.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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23. DEFERRED TAX PROVISION

Group

	Tax asset £'000
Balance at 1 April 2019	(9)
Credit to Income Statement during year	(1)
Prior year adjustment	<u>6</u>
Balance at 31 March 2020	<u><u>(4)</u></u>

Deferred taxation for the group is provided / unprovided in the financial statements as follows:

	Group			
	Provided		Unprovided	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	2,126	2,829
Short term timing differences	4	9	15	76
Losses	<u>-</u>	<u>-</u>	<u>2,690</u>	<u>2,703</u>
Asset/(liability)	<u><u>4</u></u>	<u><u>9</u></u>	<u><u>4,831</u></u>	<u><u>5,608</u></u>

The deferred tax asset recognised in the financial statements relates to short term timing differences. It is recognised within current assets, as is expected to be recovered in the next 12 months.

In accordance with FRS 102 the deferred tax asset of £4.8m (2019: £5.6m) has not been recognised in respect of the losses, timing differences and accelerated capital allowances as the directors believe that there is insufficient evidence that the asset will be recovered in the foreseeable future.

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020 £'000	2019 £'000
126,077,816	Ordinary	1	<u>126,078</u>	<u>126,078</u>

The company has one class of ordinary shares with no right to fixed income.

25. RESERVES

The retained losses reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital contribution reserve contains contributions from the company's parent undertaking. The company recognised a deemed finance cost of £760,000 (2019: £760,000) on the amounts due to its ultimate parent undertaking on an interest free loan.

The merger reserve relates to the difference between the consideration paid by the company for its subsidiary undertakings and the nominal value of the share capital acquired.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

26. PENSION COMMITMENTS

	2020	2019
	£'000	£'000
Pension liability	<u>110</u>	<u>92</u>

The pension liability includes both employee and employer pension contributions due to the groups defined benefit pension scheme. These amounts are included in creditors due within one year and have been settled in full shortly after the year end.

27. RELATED PARTY DISCLOSURES

The group entered into transactions and held balances with other companies deemed to be related parties as follows:

	Sales of goods / services £'000	Purchases of goods / services £'000	Balance receivable / (payable) £'000
2020			
Doncaster Sheffield Airport Limited	2,858	2	(20)
Frodsham Wind Farm Limited	10	-	-
Peel Advertising Limited	120	-	24
Peel Leisure Operations No. 1 Limited	209	-	35
Peel Holdings (Land & Properties) Limited	-	1	-
Peel Holdings (IOM) Ltd	36	-	6
Peel Management Limited	-	134	-
2019			
Durham Tees Valley Airport Limited	155	-	-
Doncaster Sheffield Airport Limited	2,667	12	280
Frodsham Wind Farm Limited	18	-	5
Peel Advertising Limited	100	14	20
Peel Leisure Operations No. 1 Limited	215	-	12
Peel Holdings (Land & Properties) Limited	-	1	-

The transactions were priced on an arm's length basis. Outstanding balances are unsecured, interest free and cash settlement is expected in line with the standard company payment terms.

Transactions with related parties Durham Tees Valley Airport Limited and Frodsham Wind Farm Limited have been recognised in the above table until 16 February 2019 and 6 September 2019 (respectively) when they were sold from the Peel Holdings Group and therefore were no longer classified as related parties.

Key management personnel

	31.03.20	31.03.19
	£'000	£'000
Key management personnel compensation for the year	<u>1,073</u>	<u>1,148</u>

Key management personnel includes amounts paid to senior management and directors. The total above includes all employee benefits, including salary, social security, benefits-in-kind, termination costs and pension contributions.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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28. POST BALANCE SHEET EVENTS

On 14 August 2020, the existing bank loan facility was repaid in full by the parent company and refinanced by a combination of shareholder and external funding provided to parent companies.

Subsequently, on 31 August 2020, debt restructuring was carried out across the group involving the capitalisation of intercompany loans and reductions of share capital.

The group's refinancing resulted in additional liquidity of £5.2m to support future operations and the restructuring has resulted in an increase in the company's distributable reserves.

29. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

Parent company

Liverpool Airport (Intermediate) No.3 Limited is the immediate parent company and controlling party by virtue of its 100% direct shareholding. It was incorporated in England and Wales, its registered address is the same as that as shown on the Company Information page.

Controlling party until 29 August 2019

The ultimate parent company was Tokenhouse Limited (registered number 04056V), a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 settlement, the ultimate controlling party.

The largest and smallest group of companies, of which the company is a member, which produced consolidated accounts was Liverpool Airport Holdings Limited. The accounts of Liverpool Airport Holdings Limited can be obtained from Companies House and the company's registered address is that as shown on the Company Information page.

Controlling party from 29 August 2019 onwards

On 29 August 2019, a change of control arose when Liverpool Airport Holdings Limited transferred its holding in parent company Liverpool Airport (Intermediate) No.1 Limited.

Liverpool Airport (Intermediate) No.1 Limited is now jointly controlled by the majority shareholders who each own 45% of the share capital; Peel Investments LJLA (IOM) Limited which is controlled by the Billown 1997 Settlement, and Snowball Holdings Bidco Limited which is a fund managed by Ancala Partners LLP. Liverpool City Council retains a 10% minority shareholding.

Liverpool Airport (Intermediate) No.1 Limited is now the ultimate parent company by virtue of its 100% indirect shareholding. It also prepares the largest group of consolidated accounts in which the company is a member, copies of which can be obtained from Companies House.