

Registered Number: 02116704

LIVERPOOL AIRPORT LIMITED

TRADING AS LIVERPOOL JOHN LENNON AIRPORT

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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LIVERPOOL AIRPORT LIMITED TRADING AS LIVERPOOL JOHN LENNON AIRPORT
(Registered Number: 02116704)

COMPANY INFORMATION

Directors	R E Hough CBE (Chairman) J P A Burke J A Irving (Chief Executive)
Registered Office	Venus Building 1 Old Park Lane Traffordcity Manchester M41 7HA
Registered number	02116704 (England and Wales)
Auditor	Deloitte LLP Statutory Auditor Hanover Building, Corporation St Manchester M4 4AH

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

INTRODUCTION

Liverpool Airport Limited is a private company limited by shares registered, incorporated and domiciled in the United Kingdom. The principal activities of Liverpool Airport Limited (the "Company") are that of the ownership and operation of a key regional airport, airport development, the provision of ancillary aviation services and cleaning services. Liverpool Airport Limited trades as Liverpool John Lennon Airport ("LJLA") and is a key regional airport which predominantly provides connectivity between the Northwest of England and Europe.

LJLA focuses on delivering a "Faster, Easier, Friendlier" experience and focuses on 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 landings, passenger handling, general aviation, charter flights and provision of fuel through an onsite fuel farm. It also generates income through its commercial activities such as retail, car parking and property.

BUSINESS REVIEW

The easing of COVID-19 related travel restrictions in the UK and across Europe in early 2022 had a positive impact on business performance and the business was able to make a strong recovery from the pandemic, however, passenger numbers remained below pre-pandemic levels. The pace of the Group's recovery was generally more dynamic than for larger airports and hubs, due to the airport's agile response to the easing of travel restrictions and its ability to return very quickly to normal operating practices.

Passenger numbers of 3.8m (2022: 1.6m) were handled by Liverpool John Lennon Airport during the year. This has led to an improvement in revenue over the prior year to £35.7m (2022: £15.1m) and the operating profit increased to £4.5m (2022: operating loss of £4.9m). The Company's net assets as at the balance sheet date have increased to £17.5m (2022: net assets of £5m). The results and financial position are included within the primary financial statements.

In May 2023, the airport welcomed a third major carrier at the airport with the announcement of Jet2's operation at Liverpool, with effect from March 2024. Initially Jet2 will base two aircraft at the airport, with a further two joining in May 2024, giving four new based aircraft for the summer 2024 season. The airline will open twenty routes from Liverpool, of which seven will be new, namely Bourgas, Corfu, Las Palmas, Madeira, Menorca, Paphos and Zante.

In May 2022, a new service to Frankfurt commenced in partnership with Lufthansa, which presents further positive opportunities for growth, particularly given the onward global connections available at Frankfurt.

During the year one of the Group's largest customers, Doncaster Sheffield Airport ('DSA'), ceased operating. The closure occurred in November 2022 and since that date, the Group has been in receipt of income from DSA for the provision of standby air traffic control services in the event that DSA should ever reopen. This standby services agreement runs until March 2024.

Up until 31 May 2022, the airport's onsite fuel farm was owned and operated by a joint venture between Shell plc and World Fuel Services Aviation Limited. On 31 May 2022, Liverpool Airport Limited acquired the assets and ownership rights of the fuel farm. From 1 June 2022, the airport has operated an open access model which is common across many UK airports, whereby the airlines operating at the airport are able to purchase fuel from any fuel company of their choice under their own arrangements.

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

FUTURE DEVELOPMENTS

The Company continues to focus on providing passengers with 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 growth in demand and creating the platform for profitable returns in the future. Costs are continually being managed closely.

FINANCIAL KEY PERFORMANCE INDICATORS

Management considers the main key financial performance indicators for this business to be revenue growth, operating profit, and net liabilities, which are referred to in the business review section of this report.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Management considers the main non-financial key performance indicators for the business to be the development of the aviation industry itself, and year-on-year change in passenger numbers:

- Total passengers – total of 3,771,091 for the year ended 31 March 2023 (2022: 1,637,102).
- Departing passengers – total of 1,883,276 for the year ended 31 March 2023 (2022: 817,434).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's risks and uncertainties are deemed to be the same as for other Group companies, all related to the aviation industry in which the Group operates. The risks and uncertainties 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 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. However, in the prior year, the airport utilised the Airport and Ground Operations Support Scheme (AGOSS) which has helped contribute to essential operating costs such as security and policing of the airport during the pandemic.

Other risks and uncertainties include the following:

- The challenges posed by the recent COVID-19 pandemic further emphasises the importance of national authorities ensuring that immigration procedures and requirements are provided in a timely, reliable and consistent manner across all information systems and platforms, to maintain confidence and trust and to further facilitate international mobility.
- The current cost of living crisis in the UK has reduced household disposable income. A continuation of this trend may lead to a reduced appetite for consumers to travel via airports, therefore potentially reducing passenger numbers and revenue.
- Petrol and diesel prices hit record highs during the period, precipitated by the Russian invasion of Ukraine. This adds to the increasing financial challenges and complexity due to increasing oil and other commodity prices across the globe. These might lead airlines to increase their fares, reduce disposable income for households and affect both consumer and business confidence.

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- Growing structural cost pressure on the industry (economic regulation, airport policing and security costs), which is exacerbated by rising inflation.
- Impact to consumer appetite for travel caused by terror attacks.
- Airport competition has reached new levels. Airports face more financial pressures from airlines when they decide where to deploy their aircraft and which routes to operate.

The risks and potential impact of climate change are considered as follows:

- Adverse weather conditions - ongoing monitoring of weather patterns and future forecasts to plan operational mitigations are required to manage this risk.
- Regulation and taxation – there is a risk that potential regulations or taxation may be introduced by the UK government to reduce traffic in order to achieve the UK target of zero emissions by 2050. Mitigations can be found in the Group environment strategy.

SECTION 172 REPORTING

During the financial period 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 organisation's actions, objectives, and policies. Key stakeholders include employees, business partners and the community. 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 section of 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 interest. The directors use a variety of methods to do this, as detailed below.

EMPLOYEES

The directors place considerable value on the involvement of the Company's employees and have continued to keep them informed and involved in business decisions which will affect them as employees. Examples of this include a weekly newsletter to all staff and an annual employee survey. More information in relation to employees can be found within the Directors' report on pages 7 and 8.

ENVIRONMENT AND THE COMMUNITY

The directors are conscious of their ongoing obligation to balance sustainable development with the potential environmental impacts of operating a regional airport. The objective is to maximise the social and economic benefits an airport brings to the city and the region it serves. At a local level, the Group is endeavoring to minimise the impact of noise pollution on the local community. Furthermore, with regards to the wider environment, the Group's focus is to reduce its carbon emissions year on year. The Group's commitment to sustainable development is up front and centre in the recently published Decarbonisation Plan (Carbon Conscious Airport) putting it at the heart of the Group's ongoing investment decisions,

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2023

ENVIRONMENT AND THE COMMUNITY (continued)

whether this is through large new projects or refurbishing existing properties to give both economic and environmental benefit. Good environmental practices and performance are promoted by the Group across the airport community to reduce environmental risk at all levels.

BUSINESS PARTNERS

The directors put the Group into arrangements which are viable and fair for the benefit of both the organisation and its business partners (airport visitors, customers and suppliers). The success of the airport is linked to the engagement of business partners across the airport and the directors recognise this and strive to maintain good working relationships through loyalty, regular communications and engagement. 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.

THE NEED TO ACT FAIRLY AS MEMBERS OF THE GROUP

The executive management team provides 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 and 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, and implementing operational efficiencies, whilst providing the best possible passenger experience to customers and also 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.

APPROVED AND SIGNED ON BEHALF OF THE BOARD



R E Hough CBE (Chairman)

Director

Date: 26 September 2023

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements of Liverpool Airport Limited ("the Company") for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activities of Liverpool Airport Limited (the "Company") during the year was the ownership and operation of a key regional airport, airport development and the provision of ancillary aviation services.

COMPANY RESULTS

The results for the financial year are shown in the financial statements and supporting notes.

The result for the financial year was a profit of £12.5m (2022: loss of £4.9m).

DIVIDENDS

The directors do not recommend payment of a dividend for the financial year (2022: £nil).

DIRECTORS

The directors who have held office during the financial year are as follows:

R E Hough CBE (Chairman)

J P A Burke

J A Irving (Chief Executive)

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company has net assets of £17.5m (2022: £5.0m). The Company has net current liabilities of £16.9m (2022: £28.9m).

Going concern has been assessed on a Group basis for Liverpool Airport (Intermediate) No.1 Limited and its subsidiary undertakings ("the Group"). The directors have received confirmation from Liverpool Airport (Intermediate) No.1 Limited that the Group will continue to provide the necessary level of support to enable the Company to continue to operate for at least the period up to 30 September 2024.

Based on current plans for the coming year, continued recovery from the global COVID-19 pandemic for the aviation industry as a whole and the Group in particular remains positive. Passenger numbers during the year have continued to improve and for the year ended 31 March 2023 there were a total of 3.8million, which represents a recovery of 79% versus pre-pandemic levels (2020: 4.8million).

As disclosed within the Business Review section of the Strategic Report, the airport has recently announced new operations with Jet2 and Lufthansa, both of which bring significant incremental passenger growth and positive financial benefits, over and above the results presented within these financial statements.

Once this growth is realised, passenger levels are expected to reach 5million per annum, in line with pre-covid levels, which further illustrates the strong recovery experienced by the airport. Furthermore, upon commencement of the Jet2 operation, the number of based aircraft at the airport is expected to be fifteen, which is three more than in 2020 and takes the airport back to its peak 2008 levels.

During the year, the Group carried out a refinancing of its senior debt. On 30 March 2023, the Group entered into a five-year term facility with National Westminster Bank plc and Lloyds Bank plc with a value of £42m. On the same day, the Group repaid the £30m senior debt owed to the Liverpool City Region Combined Authority. This re-financing should put the airport on a secure financial footing for the

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

GOING CONCERN (continued)

next five years. The Group's senior debt is held within Liverpool Airport (Intermediate) No.3 Limited and the junior shareholder debt is held within Snowball 2.5 Limited and Liverpool Airport (Intermediate) No.2 Limited.

The directors have prepared cash flow projections for the period ended 30 September 2024 which show that the Group is capable of operating within its available bank facilities and will continue to satisfy the covenant requirements for the period under review.

The directors also prepared projections based on a downside sensitivity which assumed cost inflation across the board but a 5% reduction in passenger numbers compared to budget. This downside sensitivity also shows that the Group continues to maintain adequate liquidity with sufficient headroom on its covenant requirements. Whilst the directors consider that there is a degree of subjectivity involved in their assumptions, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period up to 30 September 2024. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Price risk

Price risk relating to the value of the Company'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.

Foreign Currency and Interest risk

The Company has no exposure to foreign currency risk. Exposure to interest risk within the Group is mitigated as much as possible as the external bank loan is in line with the Sterling Overnight Index Average (SONIA) plus a fixed margin.

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

EMPLOYEE INVOLVEMENT

The Company's employment strategies are regularly reviewed and updated by the Board of Directors. The strategy is linked to business needs and has been designed to deliver the growth and development of our business 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.

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

EMPLOYEE INVOLVEMENT (continued)

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

The Company 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 Company selects employees for employment, promotion, training or other matters affecting their employment based on aptitude and ability. A key aim of the business is to promote from within and the Company'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 was recognised by Investors in People with a Gold Award in 2022.

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.

The directors believe that 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.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the Company 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 Company employees and if necessary, retraining is given to an employee who becomes disabled whilst in the Company's employment.

Carbon Reduction Commitment (CRC)

The CRC Energy Efficiency Scheme (Revocation and Savings) Order 2018 came into force on 1 October 2018. The Group has a duty under the CRC to record and report the annual CO₂ emissions of the airport's operations. The total gross CO₂e emissions for the Group during the financial year were 2,069 tonnes (2022: 2,079 tonnes).

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

DISCLOSURE OF INFORMATION TO AUDITOR

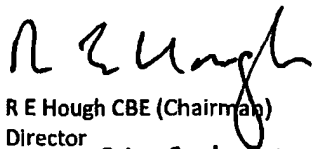
The directors confirm that:

- so far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware.
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

APPROVED AND SIGNED ON BEHALF OF THE BOARD



R E Hough CBE (Chairman)
Director

Date: 26 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT LIMITED
FOR THE YEAR ENDED 31 MARCH 2023

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Liverpool Airport Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit 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 income statement;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 24.

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) 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 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 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

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

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

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

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT
LIMITED (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 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 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 ISA's (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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- i. had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation and Civil Aviation Authority; and
- ii. do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT LIMITED (continued)
FOR THE YEAR ENDED 31 MARCH 2023

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it is described below:

- Revenue recognition specified to completeness in relation to terms of contracts, such as, changing passenger rates, passenger numbers, up-front payments and minimum guarantees. There is a risk that revenue is not being recognised in line with these agreements; and the point that revenue is recognised for one-off items. This has been assessed through review of all significant contracts and assessment of invoices being raised and revenue being recognised in line with these terms.

In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

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 company and its 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:

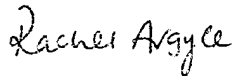
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT
LIMITED (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

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.



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

Date: 26th September 2023

LIVERPOOL AIRPORT LIMITED TRADING AS LIVERPOOL JOHN LENNON AIRPORT
(Registered Number: 02116704)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
TURNOVER	4	35,659	15,126
Cost of sales		(10,885)	(7,727)
GROSS PROFIT		24,774	7,399
Administrative expenses	6	(20,232)	(17,429)
Other operating income	9	-	5,156
OPERATING PROFIT/(LOSS)		4,542	(4,874)
TOTAL PROFIT/(LOSS) BEFORE TAXATION		4,542	(4,874)
Tax credit on profit for the financial year	10	7,938	-
TOTAL PROFIT/(LOSS) FOR THE FINANCIAL YEAR		12,480	(4,874)

During the year, there was no other comprehensive income or expense (2022: nil).

All items in the above statement derive from continuing operations.

The notes on pages 17 to 31 form an integral part of these financial statements.

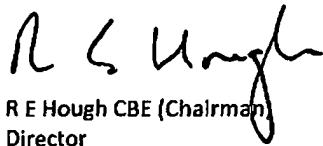
LIVERPOOL AIRPORT LIMITED TRADING AS LIVERPOOL JOHN LENNON AIRPORT
(Registered Number: 02116704)

BALANCE SHEET
AS AT 31 MARCH 2023

		2023 £'000	2022 £'000
	Notes		
FIXED ASSETS			
Tangible fixed assets	11	43,288	44,128
Investments	12	2,854	2,854
		<u>46,142</u>	<u>46,982</u>
CURRENT ASSETS			
Stock	13	66	84
Debtors	14	16,130	5,620
Cash at bank and in hand		4,483	2,790
		<u>20,679</u>	<u>8,494</u>
CREDITORS			
Amounts falling due within one year	15	(37,611)	(37,380)
NET CURRENT LIABILITIES		<u>(16,932)</u>	<u>(28,886)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,210	18,096
CREDITORS			
Amounts falling due after one year	18	(11,351)	(12,717)
Provisions	16	(375)	(375)
		<u>(11,726)</u>	<u>(13,092)</u>
NET ASSETS		<u>17,484</u>	<u>5,004</u>
CAPITAL AND RESERVES			
Called up share capital	19	20	20
Capital redemption reserve	20	198,663	198,663
Capital contribution reserve	20	305	305
Profit and loss account	20	(181,504)	(193,984)
SHAREHOLDERS FUNDS		<u>17,484</u>	<u>5,004</u>

The notes on pages 17 to 31 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 26 September 2023 and were signed on its behalf by:


R E Hough CBE (Chairman)
Director

LIVERPOOL AIRPORT LIMITED TRADING AS LIVERPOOL JOHN LENNON AIRPORT
(Registered Number: 02116704)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital £'000	Capital Redemption reserve £'000	Capital Contribution reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 April 2021	20	198,663	305	(189,110)	9,878
Changes in equity					
Loss and total comprehensive expense for the financial year	-	-	-	(4,874)	(4,874)
Balance at 31 March 2022	<u>20</u>	<u>198,663</u>	<u>305</u>	<u>(193,984)</u>	<u>5,004</u>
Changes in equity					
Profit and total comprehensive income for the financial year	-	-	-	12,480	12,480
Balance at 31 March 2023	<u>20</u>	<u>198,663</u>	<u>305</u>	<u>(181,504)</u>	<u>17,484</u>

The notes on pages 17 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

Liverpool Airport Limited ("the Company") is a private company limited by shares registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. Its registered office is located at Venus Building, 1 Old Park Lane, Trafford City, Manchester, M41 7HA.

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

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

The income statement and balance sheet derived from continuing operations during the financial year.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements contain information on Liverpool Airport Limited.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 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.

The results of the Company are consolidated into the financial statements of its parent company, Liverpool Airport (Intermediate) No.3 Limited, which can be obtained from Companies House. The following principal accounting policies have been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis. The Company has net assets of £17.5m (2022: £5.0m). The Company has net current liabilities of £16.9m (2022: £28.9m).

Going concern has been assessed on a Group basis for Liverpool Airport (Intermediate) No.1 Limited and its subsidiary undertakings. The directors have received confirmation from Liverpool Airport (Intermediate) No.1 Limited ("the Group") that the Group will continue to provide the necessary level of support to enable the Company to continue to operate for at least the period up to 30 September 2024.

Based on current plans for the coming year, continued recovery from the global COVID-19 pandemic for the aviation industry as a whole and the Group in particular remains positive. Passenger numbers during the year have continued to improve and for the year ended 31 March 2023 there were a total of 3.8million passengers, which represents a recovery of 79% versus pre-pandemic levels (2020: 4.8million).

As disclosed within the Business Review section of the Strategic Report, the airport has recently announced new operations with Jet2 and Lufthansa, both of which bring significant incremental passenger growth and positive financial benefits, over and above the results presented within these financial statements.

Once this growth is realised, passenger levels are expected to reach five million per annum, in line with pre-covid levels, which further illustrates the strong recovery experienced by the airport. Furthermore, upon commencement of the Jet2 operation, the number of based aircraft at the airport is expected to be fifteen, which is three more than in 2020 and takes the airport back to its peak 2008 levels.

During the year, the Group carried out a refinancing of its senior debt. On 30 March 2023, the Group entered into a five-year term facility with National Westminster Bank plc and Lloyds Bank plc with a value of £42m. On the same day, the Group repaid the £30m senior debt owed to the Liverpool City Region Combined Authority. This re-financing should put the airport on a secure financial footing for the

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (continued)

Going concern (continued)

next five years. The Group's senior debt is held within Liverpool Airport (Intermediate) No.3 Limited and the junior shareholder debt is held within Snowball 2.5 Limited and Liverpool Airport (Intermediate) No.2 Limited.

The directors have prepared cash flow projections for the period ended 30 September 2024, which show that the Group is capable of operating within its available bank facilities and will continue to satisfy the covenant requirements for the period under review.

The directors also prepared projections based on a downside sensitivity which assumed cost inflation across the board but a 5% reduction in passenger numbers compared to budget. This downside sensitivity also shows that the Group continues to maintain adequate liquidity with sufficient headroom on its covenant requirements. Whilst the directors consider that there is a degree of subjectivity involved in their assumptions, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period up to 30 September 2024. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

FRS 102 - Reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102.

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

- the requirements of Section 7 Statement 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) and
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

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.

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. The income is recognised in other operating income in the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes and are recognised as the service takes place. Revenues were derived from aircraft and passenger

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (continued)

Turnover (continued)

handling charges and income from commercial activities, particularly retail and car parking as well as a fuel farm, property and general aviation.

Airport income represents the amounts receivable in respect of facilities and services provided during the financial year. Property rental income and the appropriate allocation of rental premiums are accounted for on a straight-line basis over the lease term.

Revenue Recognition

Revenue is recognised when the Company 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.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

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 and car parks	5 to 100 years
Other assets (include plant and machinery, fixtures and fittings, motor vehicles and computer equipment)	5 to 50 years

The carrying amounts of the Company'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.

Impairment of tangible fixed assets

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.

Impairment of investments

Investments are stated at cost less provision for any impairment in value.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (continued)

Impairment of Investments (continued)

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial Instruments

Financial assets and financial liabilities are recognised when the company 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 company 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 company 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(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).

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 Company, 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 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 Company uses derivative financial instruments to reduce exposure to interest rate movements. The company 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(v) Fair value measurement

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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of transactions.

Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to profit or loss in the period to which they relate. Corporation tax deductions are allowable in the period in which the contributions are paid over to the scheme provider.

Exceptional items

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

In accordance with Section 5 of FRS 102, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from the estimates.

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 underlying assumptions are reviewed on an ongoing basis, revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements and sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Revenue has been recognised when the Company 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.

Deferred tax asset recoverability

The Company recognises deferred tax assets to the extent that it is probable that there will be future taxable income against which the deferred tax asset can be utilised. Estimation of the future taxable income is inherent in this process. The Group has considered the value of its deferred tax asset at the balance sheet date and concluded that based on management's estimates, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets. The carrying amount of the deferred tax asset at the balance sheet date was £7.9m (2022: nil). Further information for the deferred tax asset is disclosed in note 17 on page 29.

4. TURNOVER

	2023 £'000	2022 £'000
Airport operations	35,659	15,126

All turnover relates to continuing activities. Turnover relates to activities wholly undertaken in the UK.

5. OPERATING LOSS

The loss for the financial year is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation charged on fixed assets	4,033	3,958
Provision for fire safety and cladding	-	375
Amortisation of capital grants	(1,295)	(1,295)
Other operating income (see note 9)	-	(5,646)

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

6. EMPLOYEES

Staff costs were as follows:

	2023	2022 (restated)
	£'000	£'000
Wages and salaries	5,691	5,176
Social security costs	610	516
Other pension costs	320	255
	<u>6,621</u>	<u>5,947</u>

The figures in the above table exclude furlough income received from the government in relation to the Coronavirus Job Retention Scheme ("CJRS").

The prior year wages and salaries, and therefore total employee costs above have been updated due to a clerical error. The prior year signed accounts have a total wages and salaries cost of £5,929,000.

The average monthly number of employees, including directors, during the year was as follows:

	2023	2022
	No	No
Operational and maintenance	134	118
Administration and management	25	26
	<u>159</u>	<u>144</u>

The Company operates a defined contribution pension scheme for the benefit of its employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year are as disclosed above. There was a balance of £59,675 (2022: £52,581) was outstanding at the year end.

7. DIRECTORS' EMOLUMENTS AND KEY PERSONNEL EMOLUMENTS

The remuneration for is as follows:

	2023	2022
	£'000	£'000
Directors' emoluments	298	20
Social security costs	41	3
Other pension costs	23	2
	<u>362</u>	<u>25</u>

During the year the retirement benefits were accruing to 1 of the Group's key personnel (2022: 1) in respect of defined contribution pension schemes. The aggregate remuneration of the highest paid member of the Group's key personnel was £362,000 (2022: 25,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

8. AUDITOR'S REMUNERATION

	2023	2022
	£'000	£'000
Audit fees	96	47
Taxation services	30	20
	<u>126</u>	<u>67</u>

The auditor's remuneration is borne by another Group company.

9. OTHER OPERATING INCOME

	2023	2022
	£'000	£'000
Airport and Ground Operations (AGOSS) grants	-	4,403
Coronavirus Job Retention Scheme (CIRS) income	-	753
	<u>-</u>	<u>5,156</u>

The Airport and Ground Operations Support Scheme (AGOSS) was a mechanism set up by the Government to support commercial airports and ground handlers in England in recognition of their fixed costs and the impacts of COVID-19 on their revenue. The scheme ended on 31 December 2021.

The Coronavirus Job Retention Scheme (CIRS) was a mechanism introduced by the Government to enable all UK employers to access support to continue paying part of employees' salaries to avoid redundancies as a result of the COVID-19 pandemic. The scheme ended on 30 September 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

10. TAXATION

Analysis of tax charge

The tax charge for the year was as follows:

	2023 £'000	2022 £'000
Current tax		
Corporation tax payable	-	-
Deferred tax		
Deferred tax credit	(7,937)	-
Total tax credit for the financial year	<u>(7,937)</u>	<u>-</u>

Reconciliation of total tax charge included in the income statement

The tax assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK.

The difference is explained below:

	2023 £'000	2022 £'000
Profit/(Loss) before tax	<u>4,542</u>	<u>(4,874)</u>
 Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	 863	 (926)
Effects of:		
Expenses not deductible for tax purposes	19	548
Income not taxable for tax purposes	(317)	(56)
Tax rate changes	(1,905)	-
Depreciation on Ineligible assets	698	-
Movement in Deferred tax not provided	(7,295)	434
Total tax credit for the period	<u>(7,937)</u>	<u>-</u>

Factors that may affect future tax charges

It was announced in the 2021 Budget that the UK tax rate will increase to 25% for companies with taxable profits in excess of £250,000 (effective from 1 April 2023). This proposed change was confirmed in the 2023 Budget.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

11. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Runways and Apron £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor Vehicle £'000	Computer equipment £'000	Total £'000
COST							
At 1 April 2022	110,287	61,087	40,662	3,442	4,769	1,759	222,006
Additions	41	232	45	2,016	690	169	3,193
At 31 March 2023	<u>110,328</u>	<u>61,319</u>	<u>40,707</u>	<u>5,458</u>	<u>5,459</u>	<u>1,928</u>	<u>225,199</u>
DEPRECIATION							
At 1 April 2022	86,651	50,845	33,460	2,178	3,966	778	177,878
Charge for year	1,681	549	1,001	351	128	323	4,033
At 31 March 2023	<u>88,332</u>	<u>51,394</u>	<u>34,461</u>	<u>2,529</u>	<u>4,094</u>	<u>1,101</u>	<u>181,911</u>
NET BOOK VALUE							
At 31 March 2023	<u>21,996</u>	<u>9,925</u>	<u>6,246</u>	<u>2,929</u>	<u>1,365</u>	<u>827</u>	<u>43,288</u>
At 31 March 2022	<u>23,636</u>	<u>10,242</u>	<u>7,202</u>	<u>1,264</u>	<u>803</u>	<u>981</u>	<u>44,128</u>

Included in Freehold Property is freehold land of £3.8m (2022: £3.8m) which is not depreciated.

12. FIXED ASSET INVESTMENT

	2023 £'000	2022 £'000
Shares in Group undertakings		
Cost and Net Book Value	<u>2,854</u>	<u>2,854</u>

Subsidiaries of the Company as at 31 March 2022 and the Company's percentage of shares and class of shares are set out below.

Company	Country of Incorporation	Principal Activity	% Holding
Air Traffic Control Services Limited	UK	Air traffic services	Ordinary 100%
Liverpool Airport Services Limited	UK	Cleaning services	Ordinary 100%
Liverpool Airport Hotel Car Park Limited	UK	Dormant	Ordinary 100%
Liverpool Airport Renewables Limited	UK	Dormant	Ordinary 100%

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

13. STOCK

	2023 £'000	2022 £'000
Stock	<u>66</u>	<u>84</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade debtors	3,706	2,993
Amounts owed by Group undertakings	2,837	1,915
Amounts owed by related parties	493	44
Corporation tax	12	12
Deferred tax	7,937	-
VAT receivable	628	12
Prepayments and accrued income	517	644
	<u>16,130</u>	<u>5,620</u>

Amounts owed by Group undertakings 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 in the ordinary course of business. The deferred tax asset is due after more than one year.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade creditors	5,184	5,181
Amounts owed to Group undertakings	22,952	23,367
Amounts owed to related parties	2,182	2,378
Social security and other taxes	149	151
Deferred grants	1,295	1,295
Other creditors	384	357
Accruals and deferred income	5,465	4,651
	<u>37,611</u>	<u>37,380</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand. Amounts owed to related parties are on an arm's length basis and cash settlement is expected in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

16. PROVISIONS

	2023	2022
	£'000	£'000
Provision for fire safety and cladding	<u>375</u>	<u>375</u>

The provision of £375,000 relates to estimated costs of required fire safety and cladding related works on the multi-storey car park.

17. CURRENT AND DEFERRED TAX

	2023	2022
	£'000	£'000
Current assets		
Corporation tax	<u>12</u>	<u>12</u>

	Provided		Unprovided	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deferred tax asset				
Accelerated capital allowances	479	-	-	1,239
Short term timing differences	26	-	-	215
Losses	<u>7,432</u>	<u>-</u>	<u>-</u>	<u>8,382</u>
As at 31 March 2023	<u>7,937</u>	<u>-</u>	<u>-</u>	<u>9,836</u>

In accordance with FRS102, the deferred tax asset of £7.9m has been provided in the current year (2022: £9.8m unprovided), in respect of accelerated capital allowances, timing differences and losses, as the directors believe that there is now sufficient evidence that the asset will be recovered in the foreseeable future. The deferred tax asset has no expiration date.

	2023	2022
	£'000	£'000
Deferred tax asset		
As at the beginning of the year	-	-
Amount credited to profit and loss	<u>7,937</u>	<u>-</u>
As at 31 March 2023	<u>7,937</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

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

	2023	2022
	£'000	£'000
Accruals and deferred income	5,876	5,947
Capital grants	5,475	6,770
	<u>11,351</u>	<u>12,717</u>

19. CALLED UP SHARE CAPITAL

	2023	2022
	£'000	£'000
196,183,390 (2022: 196,182,390) Ordinary shares of £0.0001 each	<u>20</u>	<u>20</u>

20. RESERVES

	2023	2022
	£'000	£'000
Capital redemption reserve	198,663	198,663
Capital contribution reserve	305	305
Retained earnings	(181,504)	(193,984)
	<u>17,464</u>	<u>4,984</u>

The retained earnings and losses reserves contains cumulative profits or losses, net of dividends paid and other reserves adjustments.

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

The capital contribution reserve contains contributions from parent undertakings.

The capital redemption reserve contains balances generated from previous group restructuring.

21. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 section 33, "Related Party Disclosures" not to disclose transactions with other wholly owned entities of the Group headed by Liverpool Airport (Intermediate) No.3 Limited on the grounds that all companies within the Group are wholly owned subsidiaries of Liverpool Airport (Intermediate) No.3 Limited.

Transactions with the associated undertaking, Doncaster Sheffield Airport Limited ("DSA"), were sales of £16,000 (2022: £24,700). Amounts owed by DSA were £4,800 (2022: £2,400) at the end of the financial year.

Transactions with the associated undertaking, Peel Advertising Limited, were £nil (2022: sales of £23,333). Amounts owed by Peel Advertising Limited were £nil (2022: £nil) at the end of the financial year.

Transactions with the associated undertaking, Peel Leisure Operations No.1 Limited, were sales of £335,287 (2022: £175,978). Amounts owed by Peel Leisure Operations No.1 Limited were £409,352 (2022: £41,069) at the end of the financial year.

Transactions with the associated undertaking, Liverpool Airport Hotel Limited, were sales of £5,866 (2022:

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

21. RELATED PARTY DISCLOSURES (continued)

£115,039). Amounts owed by Liverpool Airport Hotel Limited were £79,040 (2022: £111,519) at the end of the financial year.

Transactions with the associated undertaking, Peel NRE Solar PV, were £nil (2022: costs of £110,000) which were fully paid by the year end.

Amounts owed to Liverpool City Council were £2,182,013 (2022: £2,377,880) at the end of the financial year.

22. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	2023 £'000	2022 £'000
Less than one year	17	2

During the year, £220,000 was recognized as an expense in the income statement in respect of operating leases (2022: £14,000).

23. COMMITMENTS

The Company had contractual commitments to purchase tangible fixed assets for the year ended 31 March 2023 totaling £250,000 (2022: £650,000).

24. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

Immediate controlling party

Liverpool Airport (Intermediate) No.3 Limited is the immediate parent company and controlling party by virtue of its 100% direct shareholding. It prepares the smallest group of consolidated accounts. It is registered at the same address as shown on the Company Information page.

Ultimate controlling party

Liverpool Airport (Intermediate) No.1 Limited is the ultimate controlling party by virtue of its 100% shareholding held indirectly by other Group companies. It prepares the largest set of Group financial statements in which the company results are consolidated, copies of which can be obtained from Companies House. It is registered at the same address as shown on the Company Information page.

Liverpool Airport (Intermediate) No.1 Limited is jointly controlled by Peel Investments LJA (IOM) Limited and Snowball Holdings Bidco Limited who each owned 47.1% of the share capital at the balance sheet date. Liverpool City Council retained a 5.8% minority shareholding at the balance sheet date.