

LIVERPOOL AIRPORT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019
REGISTERED NUMBER 03385025

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LIVERPOOL AIRPORT HOLDINGS LIMITED

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LIVERPOOL AIRPORT HOLDINGS LIMITED

Company Information

For the year ended 31 March 2019

Directors: Robert Eric Hough CBE (Chairman)
Peter Hosker
Neil Lees

Secretary: Neil Lees

Registered Office: Peel Dome Intu Trafford Centre
Traffordcity
Manchester
M17 8PL

Registered Number: 03385025

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

Strategic Report

For the year ended 31 March 2019

The directors present their Strategic Report for the year ended 31 March 2019.

Principal activities and business model

The Liverpool Airport Holdings Limited Group ("the Group") comprises the Company and its subsidiaries. The principal activities of the Group during the year were the ownership and operation of a key regional airport, airport development and the provision of ancillary aviation services. The Group is 19.9% owned by Liverpool City Council.

Business review (including key performance indicators and future developments)

The Group's results and financial position are set out in the consolidated statement of comprehensive income and the consolidated balance sheet on pages 12 and 13. The Company's financial position is also set out in the company balance sheet on page 13. No dividend on ordinary shares has been paid during the year ended 31 March 2019 (2018: £nil) and the directors are unable to recommend the payment of a dividend (2018: same).

Key Performance Indicators

The Group achieved turnover of £36.5m (2018: £35.4m) and operating profit of £4.0m (2018: £3.7m) for the year, as shown in the consolidated statement of comprehensive income.

The shareholder deficit increased by £1.6m; from £37.6m at 31 March 2018 to £39.2m at 31 March 2019. The net debt of the Group increased from £74.9m at 31 March 2018 to £76.1m at 31 March 2019 (see note 16) due to the accumulation of payment-in-kind interest on bank and Group loans. Non-controlling interest in the Group's net liabilities was £8.0m at the 31 March 2019 (2018: £7.4m).

The Group continued to invest in its assets at Liverpool John Lennon Airport, with total capital expenditure for the year being £5.9m (2018: £5.3m). Revenues were derived from aircraft and passenger handling charges and income from its commercial activities, particularly retail and car parking as well as general aviation.

Future Developments

The Group focuses 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.

Liverpool John Lennon Airport (LJLA)

LJLA is a regional airport which predominantly provides connectivity between the North West of England and Europe. LJLA focuses on delivering a "Faster, Easier, Friendlier" experience and is ranked in the top quartile for a number of efficiency metrics by the industry-leading Air Service Quality (ASQ) survey. These include security process time, arrivals services and wayfinding. Building upon this, the current development programme is focussed on enhancing the terminal experience, including the diversification of the retail offer. The basket in which LJLA is benchmarked in the ASQ survey includes 18 other airports from the UK, Europe and beyond.

For the financial year ended 31 March 2019, overall passenger numbers totalled 5,037,990 compared to 4,913,078 in the previous year, representing an increase of 3% year on year. The airport made operating profit of £3.3m (2018: £2.8m). Expenses that do not fall within the usual operating activities have been presented separately below operating profit.

Strategic Report (continued)

For the year ended 31 March 2019

Air Traffic Control Services Limited (ATCSL)

Air Traffic Control Services Limited is a 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 four 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.

For the year ended 31 March 2019, ATCSL made an operating profit of £1.0m (2018: £1.1m).

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 prospective. 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.

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

Other risks and uncertainties:

- Uncertainty precipitated by the UK's decision to leave the European Union and a lack of clarity over the UK's continued 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 recent terror attacks; 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.

Going concern

The directors have adopted the going concern basis of preparation of the financial statements as more fully disclosed in note 1.

On 29 August 2019, the company's holding in its only direct subsidiary, Liverpool Airport (Intermediate) No.1, was disposed of to Peel investments LJLA (IOM). Therefore, at the date of signing this company no longer holds any investments in subsidiary undertakings. The directors are currently assessing future options for the Company as disclosed in note 26.

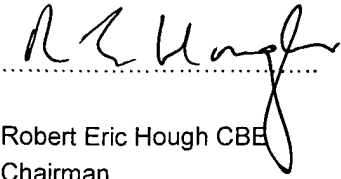
Airport economic regulations

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

Strategic Report (continued)

For the year ended 31 March 2019

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R E Hough', written over a horizontal dotted line.

Robert Eric Hough CBE
Chairman

22 November 2019

Peel Dome
Intu Trafford Centre
Traffordcity
Manchester
M17 8PL

Report of the Directors

For the year ended 31 March 2019

The directors submit their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2019. The directors have also disclosed events after the reporting period in the notes to the financial statements (note 26).

In preparing this report, 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. Included in the strategic report is information relating to the future developments of the business, dividends and its financial risk exposure and management.

The Board of Directors

The directors who held office during the financial year and thereafter were:

Robert Eric Hough CBE (Chairman)
Peter Hosker
Neil Lees

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 program, 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. We select 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 Group is constantly looking for ways to ensure that employees are able to 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. The Group has focussed on improving communications with all employees, business briefing are cascaded through the organisation to communicate key business and operational issues.

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.

Report of the Directors (continued)

For the year ended 31 March 2019

Environment and the community (continued)

A holistic approach is embraced to sustainability putting it at the heart of new investment decisions whether this is through large new projects or refurbishing existing properties to give both economic benefit and environmental dividends for the longer term. Good environmental practices and performance are promoted across the airport community to reduce environmental risk at all levels.

The Group has a duty under the Carbon Reduction Commitment (CRC) to record and report the annual CO2 emissions of the airport's operations. In the financial year ended 31 March 2019 the total CRC eligible CO2 emissions for the Group was 4,480 tonnes (2018: 5,300 tonnes) which is a reduction on the previous year:

The Airport has made a number of investments to save energy during 2019. The main financial investment was in LED lighting inside and outside of the terminal, as well as an investment in education to create a cultural awareness of the environmental and financial benefits from reduced usage of electricity and gas amongst our colleagues.

Statement of director's responsibilities

The directors are responsible for preparing the 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 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 Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

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

Auditor and the disclosure of information to the auditor

Each person who is a director at the date of approval of this report confirms that:

- (a) so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

LIVERPOOL AIRPORT HOLDINGS LIMITED

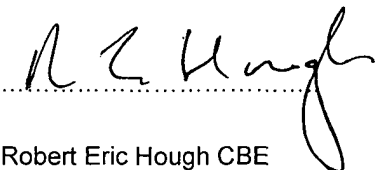
Report of the Directors (continued)

For the year ended 31 March 2019

Auditor and the disclosure of information to the auditor (continued)

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

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R E Hough', written over a dotted line.

Robert Eric Hough CBE
Chairman

Peel Dome
Intu Trafford Centre
Traffordcity
Manchester
M17 8PL

22 November 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIVERPOOL AIRPORT HOLDINGS LIMITED**

For the year ended 31 March 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Liverpool Airport Holdings 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 2019 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 statement of comprehensive income;
- the consolidated and company balance sheets;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 26.

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 of 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIVERPOOL AIRPORT HOLDINGS LIMITED (CONTINUED)**

For the year ended 31 March 2019

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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.

Responsibilities of directors

As explained more fully in the Statement of Director's 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 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

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

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.

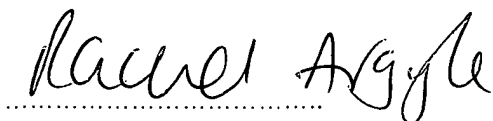
LIVERPOOL AIRPORT HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT
HOLDINGS LIMITED (CONTINUED)**

For the year ended 31 March 2019

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.

A handwritten signature in black ink, reading "Rachel Argyle". The signature is written in a cursive style. Below the signature is a dotted line.

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

22 November 2019

LIVERPOOL AIRPORT HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3	36,462	35,386
Cost of sales		(16,796)	(16,254)
Gross profit		19,666	19,132
Administrative expenses		(15,677)	(15,459)
Operating profit		3,989	3,673
Operating profit before restructuring costs		4,157	3,673
Restructuring costs	4	(168)	-
Operating profit		3,989	3,673
Interest receivable and similar income	5	24	12
Interest payable and similar charges	6	(6,407)	(5,567)
Loss on ordinary activities before taxation	4	(2,394)	(1,882)
Tax on loss on ordinary activities	7	134	32
Loss for the financial year and total comprehensive expense		(2,260)	(1,850)
Attributable to:			
Non-controlling interest		(635)	(474)
Shareholders		(1,625)	(1,376)
		(2,260)	(1,850)

All of the above results derive from continuing operations.

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.

LIVERPOOL AIRPORT HOLDINGS LIMITED

Consolidated and Company Balance Sheets

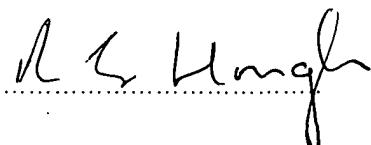
As at 31st March 2019

		<i>As restated</i>			
		Group		Company	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Tangible fixed assets	11	50,402	48,279	-	-
Investments	12	-	-	18,139	14,436
		50,402	48,279	18,139	14,436
Current assets					
Stocks	13	40	47	-	-
Debtors	14	5,025	11,192	27	767
Cash at bank and in hand		9,385	5,613	74	62
		14,450	16,852	101	829
Creditors: amounts falling due within one year	15	(9,777)	(11,501)	-	(2)
		4,673	5,351	101	827
Net current assets					
Total assets less current liabilities		55,075	53,630	18,240	15,263
Creditors: amounts falling due after more than one year	16	(102,362)	(98,657)	(17,967)	(15,958)
Net (liabilities) / assets		(47,287)	(45,027)	273	(695)
Capital and reserves					
Called-up share capital	19	222,600	222,600	222,600	222,600
Capital contribution		304	304	-	-
Profit and loss account		(262,144)	(260,519)	(222,327)	(223,295)
Shareholder's (deficit) / funds		(39,240)	(37,615)	273	(695)
Non-controlling interest		(8,047)	(7,412)	-	-
Total capital employed		(47,287)	(45,027)	273	(695)

The company reported a profit for the financial year ended 31 March 2019 of £968,141 (2018: £530,149).

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.

The financial statements of Liverpool Airport Holdings Limited (registered number: 03385025) were approved by the board of directors and authorised for issue on 22 November 2019. They were signed on its behalf by:



Robert Eric Hough CBE
Chairman

Peel Dome
Intu Trafford Centre
Traffordcity
Manchester
M17 8PL

LIVERPOOL AIRPORT HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Called-up share capital	Capital contribution	Profit and loss account	Shareholder's deficit	Non- controlling interest	Total capital employed
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2017	222,600	304	(259,143)	(36,239)	(6,938)	(43,177)
Loss for the financial year and total comprehensive expense	-	-	(1,376)	(1,376)	(474)	(1,850)
At 31 March 2018	222,600	304	(260,519)	(37,615)	(7,412)	(45,027)
Loss for the financial year and total comprehensive expense	-	-	(1,625)	(1,625)	(635)	(2,260)
At 31 March 2019	222,600	304	(262,144)	(39,240)	(8,047)	(47,287)

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.

LIVERPOOL AIRPORT HOLDINGS LIMITED

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Called-up share capital	Profit and loss account	Total capital employed
	£'000	£'000	£'000
At 31 March 2017	222,600	(223,825)	(1,225)
Profit for the financial year and total comprehensive income	-	530	530
At 31 March 2018	222,600	(223,295)	(695)
Profit for the financial year and total comprehensive income	-	968	968
At 31 March 2019	222,600	(222,327)	(273)

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.

LIVERPOOL AIRPORT HOLDINGS LIMITED

Consolidated Cash Flow Statement

For the year ended 31 March 2019

		2019	2018
	Note	£'000	£'000
Cash flows from operating activities	21(a)	11,154	6,563
Cash flows used in investing activities	21(b)	(5,185)	(5,298)
Cash flows used in financing activities	21(c)	(2,197)	(77)
Increase in cash in the year		3,772	1,188
Cash and cash equivalents:			
At the beginning of year		5,613	4,425
At the end of year		9,385	5,613
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		9,385	5,613
Cash and cash equivalents		9,385	5,613

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies

The principal accounting policies are summarised below. The policies have been applied consistently throughout the year and the preceding year.

General information and basis of preparation

Liverpool Airport Holdings Limited and its subsidiaries are a Group of companies limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office of the Parent Company and its subsidiaries is given on page 2. The nature of the Group's operations and its principal activities are the ownership and operation of a key regional airport, airport development and the provision of ancillary aviation services.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Going concern

The financial statements have been prepared on the going concern basis notwithstanding the net liabilities of the Group of £47.3 million and the fact that the Group recorded a loss after tax of £2.26m for the year ended 31 March 2019. The net current assets of the Group were £4.7m (2018: £5.4m) and Company were £0.1m (2018 – as restated: £0.8m).

The directors have prepared cash flow projections for the period to September 2020 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, on the basis of the above the Directors have a reasonable expectation that the Company and the 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.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings made up to 31 March each year.

All subsidiaries are consolidated under acquisition accounting principles. Results of subsidiary undertakings acquired or disposed of during the year are included from the date of acquisition or to the date of disposal to the extent of Group ownership, except for Group reconstructions which are accounted for under merger accounting.

Intra-group turnover and profits are eliminated on consolidation.

As permitted by Section 400 of the Companies Act 2006, a separate statement of comprehensive income for the Company is not presented. In the year ended 31 March 2019 the Company recorded a profit after tax of £968,141 (2018: profit after tax of £530,149).

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions in respect of its separate financial statements to not disclose:

- a) A statement of cash flows;
- b) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the Group in which the Company is consolidated; and
- c) Key management personnel compensation in total.

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 over its expected useful life as follows:

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

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 in the statement of comprehensive income account 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Financial instruments (continued)

(i) Financial assets and liabilities (continued)

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).

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 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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Financial instruments (continued)

(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 remeasured 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.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

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.

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Impairment of assets (continued)

Financial assets (continued)

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.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference. Similarly, a deferred tax asset/(liability) is recognised for the additional tax that will be avoided/(paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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 assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) 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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Related party disclosures

The Group has taken advantage of the exemption in section 33 of FRS 102 "Related Party Disclosures" and has not disclosed details of transactions between wholly owned undertakings within the Liverpool Airport (Intermediate) No.1 Limited group of companies.

Turnover

Airport income represents the amounts receivable by the Group 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. Turnover excludes sales related taxes.

Interest

Interest is capitalised on a simple interest basis without allowing for any tax relief thereon.

Employee benefits

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, 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 that are considered to be relevant. Actual results may differ from the estimates.

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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)***Critical accounting judgements***

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 company 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. See note 11 for value of fixed assets held at year end.

3. Turnover

Group turnover is analysed as follows and is wholly undertaken in the UK:

	2019 £'000	2018 £'000
Airport income	33,349	32,314
Air traffic control services	3,113	3,072
	<u>36,462</u>	<u>35,386</u>

4. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Depreciation on fixed assets - owned assets	3,787	3,587
Depreciation on fixed assets - leased assets	-	96
Profit on sale of tangible fixed assets	(10)	-
Amortisation of capital grants	(1,294)	(1,292)
Hire of plant and machinery under operating leases	71	60

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

4. Loss on ordinary activities before taxation (continued)**Auditor's remuneration**

Auditor's remuneration is included within administration expenses and includes:

	2019 £'000	2018 £'000
Audit of these financial statements	10	9
Audit of financial statements of subsidiaries	40	39
Tax compliance services	20	20
Other services	4	4
	<u>74</u>	<u>72</u>

Restructuring costs

During the year, a company reorganisation was undertaken across LJLA and ATCSL. This resulted in additional costs of £168,386. As the costs are not deemed to fall within the company's usual operating activities, they have been presented separately within the statement of comprehensive income.

5. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable and similar income on:		
Bank and other deposits	23	12
Overpaid Corporation Tax	1	-
	<u>24</u>	<u>12</u>

6. Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable and similar expenses on:		
Preference share dividends	1,732	1,103
Bank loans and overdrafts	4,049	3,978
Loan amortisation fees	104	104
Amounts payable to related parties	512	374
Finance leases and other interest	10	8
	<u>6,407</u>	<u>5,567</u>

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

7. Tax on loss on ordinary activities**Analysis of tax credit in the year**

	2019 £'000	2018 £'000
UK corporation tax:	-	-
Adjustment in respect of previous periods	(132)	(31)
Total current tax credit	(132)	(31)
Deferred tax:		
Adjustment from previous period	-	(1)
Origination and reversal of timing differences	(2)	-
Total deferred tax	(2)	(1)
Total tax credit for the year	(134)	(32)

Tax rates

The tax credit for the year is lower (2018: lower) with the standard rate of corporation tax in the UK 19% (2018: 19%).

Reconciliation

The tax credit can be reconciled to the loss per the financial statements as follows:

	2019 £'000	2018 £'000
Expected tax:		
Loss on ordinary activities before taxation	(2,394)	(1,882)
Current tax at 19% (2018: 19%)	(455)	(358)
Effects of:		
Income not taxable	(569)	(798)
Expenses not deductible for tax purposes	1,392	1,477
Adjustments from previous periods	(133)	(31)
Movement in deferred tax not provided	(369)	(322)
Total tax credit	(134)	(32)

Factors that may affect future current and deferred tax charges

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 will reduce the company's future current tax charge accordingly.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

8. Staff costs

	2019 £'000	2018 £'000
Staff costs (including directors):		
Wages and salaries	10,288	9,569
Social security costs	1,088	975
Other pension costs	553	540
	<u>11,929</u>	<u>11,084</u>

The average monthly number of persons employed by the Group during the year, inclusive of executive directors, was as follows:

	2019	2018
Airport operational and maintenance	210	208
Administration and management	46	47
	<u>256</u>	<u>255</u>

9. Key management personnel

	2019 £'000	2018 £'000
Emoluments	1,002	929
Compensation for loss of office	52	-
Other pension costs	94	46
	<u>1,148</u>	<u>975</u>

Key management personnel include senior management and directors.

10. Director's remuneration

	2019 £'000	2018 £'000
Directors' emoluments	184	50
Company contributions to defined contribution pension schemes	10	7
	<u>194</u>	<u>57</u>

1 director has accrued benefits under the Group's defined contribution pension scheme (2018: 1).

Directors' remuneration not presented in the above table, relating to directors not remunerated through the Liverpool Airport Holdings Limited group, is borne by another company in the Peel Group and is not recharged as no fair apportionment can be determined.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

11. Tangible fixed assets

	Group and Company			
	Land and buildings freehold	Runways, lighting & car parks	Other assets	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 April 2018	106,487	60,827	44,662	211,976
Additions	2,474	101	3,356	5,931
Disposals	(272)	(4)	(264)	(540)
At 31 March 2019	108,689	60,924	47,754	217,367
Depreciation:				
At 1 April 2018	80,501	48,225	34,971	163,697
Charge for the financial year	1,503	832	1,452	3,787
Disposals	(272)	(4)	(243)	(519)
At 31 March 2019	81,732	49,053	36,180	166,965
Net Book Value:				
At 31 March 2019	26,957	11,871	11,574	50,402
At 31 March 2018	25,986	12,602	9,691	48,279

At 31 March 2019, freehold land which is not subject to depreciation amounts to £3,831,371 (2018: £3,831,371).

All other tangible fixed assets at 31 March 2019 are held at depreciated historical cost. The cost of land and buildings include interest in aggregate amounting to £327,087 (2018: £340,627), which is subject to depreciation.

The net book value at 31 March 2019 of assets held under finance leases amounted to £Nil (2018: £Nil) and depreciation provided thereon during the year totalled £Nil (2018: £96,103).

12. Investments

	<i>As restated</i>
	<u>Company</u>
	Investments in subsidiary undertakings
	£'000
Cost and net book value:	
At 1 April 2018 – as restated	14,436
Additions	3,703
At 31 March 2019	18,139

During the year the Company invested cash of £1.2m in preference shares in Liverpool Airport (Intermediate) No.1 Limited. Additions of £2.5m relate to dividends accumulated in the year.

LIVERPOOL AIRPORT HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

12. Investments (continued)

Subsidiary undertakings

All subsidiary undertakings held as at 31 March 2019 are shown below.

Name of subsidiary undertaking	Country of incorporation	Principal activity	Holding	%
Liverpool Airport (Intermediate) No.1 Limited +	England & Wales	Intermediate holding company	7,130,665 ordinary A £1 shares and 11,007,909 preference £1 shares	80.1
Liverpool Airport (Intermediate) No.2 Limited	England & Wales	Intermediate holding company	1 ordinary £1 share	100
Liverpool Airport (Intermediate) No.3 Limited	England & Wales	Intermediate holding company	1 ordinary £1 share	100
Liverpool Airport Limited	England & Wales	Operator of a regional airport	126,077,816 ordinary £1 shares	100
Air Traffic Control Services Limited	England & Wales	Provider of air traffic services	1 ordinary £1 share	100
Liverpool Airport Hotel Car Park Limited	England & Wales	Dormant	1 ordinary £1 share	100

+ Held directly by Liverpool Airport Holdings Limited.

The registered address of the above companies is the same as that set out on page 2.

13. Stocks

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Consumables	40	47	-	-

There is no material difference between the balance sheet value of consumables and their replacement cost.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

14. Debtors

	As restated			
	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	2,376	2,075	-	-
Amounts owed by related parties (see note 23)	317	90	-	6
Amounts owed by parent company	-	-	-	750
Other debtors	44	6,652	-	-
Corporation taxation	-	56	-	-
Deferred taxation	9	7	-	-
Other taxes and social security	266	-	27	11
Prepayments and accrued income	2,013	2,312	-	-
	5,025	11,192	27	767

Amounts owed by parent and fellow group undertakings are payable in line with standard company payment terms.

15. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	1,440	2,358	-	2
Amounts owed to related parties	-	84	-	-
Other taxes and social security	326	1,483	-	-
Other creditors	428	305	-	-
Accruals and deferred income	6,288	5,976	-	-
Unamortised capital grants	1,295	1,295	-	-
	9,777	11,501	-	2

Details of security on the above borrowings are disclosed in note 16.

LIVERPOOL AIRPORT HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	56,581	57,298	-	-
Amounts owed to related parties	17,967	15,958	17,967	15,958
Cumulative dividends payable on preference shares	3,479	1,738	-	-
Redeemable preference shares	7,485	5,518	-	-
Debt falling due after more than one year	85,512	80,512	17,967	15,958
Accruals and deferred income	6,196	6,197	-	-
Unamortised capital grants	10,654	11,948	-	-
	102,362	98,657	17,967	15,958

Analysis of net debt

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Creditors: (amounts falling due within one year)	-	-	-	-
Creditors: (amounts falling due after more than one year)	85,512	80,512	17,967	15,958
Gross debt	85,512	80,512	17,967	15,958
Cash at bank and in hand	(9,385)	(5,613)	(74)	(62)
	76,127	74,899	17,893	15,896

Repayment of gross debt

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Other debt:				
2-5 years	85,512	80,513	17,967	15,958
	85,512	80,513	17,967	15,958

The bank loan of £56,580,922 (2018: £57,297,895) is 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. The loan bears interest at LIBOR plus applicable margin. The unutilised element of the £59,580,922 bank loan facility as at 31 March 2019 was the revolving credit facility of £3,000,000 (2018: £3,000,000). The bank loans are stated net of transaction costs of £143,051 (2018: £247,088) and a debt service reserve account of £850,000 (2018: £850,000). The issue costs are being spread in accordance with section 11 of FRS 102 over the term of the finance to which they relate.

Related party loans of £17,966,972 (2018: £15,957,644) are repayable in August 2020 and bear interest 10% per annum.

Preference shares of £7,484,802 (2018: £5,515,455) held by a minority shareholder are redeemable in 2021 and carry a fixed annual dividend of 20%. As at 31 March 2019 the cumulative preference dividend payable was £3,479,320 (2018 – as restated: £1,737,525). The comparatives figures for year ended 31 March 2018 have been restated to present a correct split between preference share and dividends as disclosed further in note 25.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

17. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	
	As restated	
	2019	2018
	£'000	£'000
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (note 14)	5,016	11,129
	<u>5,016</u>	<u>11,129</u>
Financial liabilities		
Measured at amortised cost		
• Loans payable (note 16)	74,548	73,256
• Redeemable preference shares (note 16)	7,485	5,518
Measured at undiscounted amount payable		
• Trade and other creditors (note 15)	8,482	10,281
• Cumulative preference dividends payable (note 16)	3,479	1,738
	<u>93,994</u>	<u>90,793</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2019	2018
	£'000	£'000
Interest expense		
Financial liabilities at amortised cost	522	382
Financial liabilities at undiscounted amount payable	5,875	5,185
	<u>6,397</u>	<u>5,567</u>

18. Deferred tax

Deferred taxation in the financial statements has been provided for / unprovided for as follows:

	Provided		Unprovided	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	2,829	3,258
Short term timing differences	9	7	77	66
Losses	-	-	3,150	3,003
	<u>9</u>	<u>7</u>	<u>6,056</u>	<u>6,327</u>

In accordance with FRS 102 the deferred tax assets of £6.1m (2018: £6.3m) have not been recognised as the directors believe that there is insufficient evidence that the asset will be recovered in the foreseeable future.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

18. Deferred tax (continued)

Movement in deferred tax in the year is as follows:

	2019 £'000
Asset brought forward at 31 March 2018	7
Credit in the year	2
Asset carried forward at 31 March 2019	<u>9</u>

19. Called-up share capital and reserves

	Company	
	2019 £'000	2018 £'000
Allotted, Called-up and Fully Paid		
222,599,746 ordinary shares of £1 each	<u>222,600</u>	<u>222,600</u>

The Company has one class of ordinary shares which carry no right to fixed income.

Reserves

The Group and Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The capital contribution reserve contains contributions from the Company's parent undertaking.

Non-controlling interest represents the net liabilities of the group less the preference shares multiplied by Liverpool City Council shareholding of 19.9%.

Movements in share capital and reserves is shown in the statement of changes in equity.

20. Pension fund

The Group operates a defined contribution pension scheme. The pension charge for the year represents the contribution payable by the Group to the scheme and amounted to £553,094 (2018: £540,187).

At 31 March 2019 contributions amounting to £92,005 (2018: £93,162) were payable to the scheme and are included in creditors.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

21. Notes to the Group Cash Flow Statement

	Group	
	2019	2018
	£'000	£'000
(a) Cash flow from operating activities		
Group operating profit	3,989	3,673
Non-cash adjustments:		
- depreciation and amounts written off tangible fixed assets	3,787	3,683
- grant release	(1,294)	(1,292)
- profit on disposal of tangible fixed assets	(10)	-
Decrease / (increase) in stocks	7	(3)
Decrease / (increase) in debtors	6,906	(6,309)
(Decrease) / increase in creditors	(2,421)	6,809
Cash from operating activities	10,964	6,561
Taxation	190	-
Net cash from operating activities	11,154	6,561
(b) Cash flow used in investing activities		
Purchase of tangible fixed assets	(5,237)	(5,309)
Proceeds from sale of tangible fixed assets	30	-
Interest received	22	12
Net cash used in investing activities	(5,185)	(5,297)
(c) Cash flow used in financing activities		
Bank loan and overdraft interest paid	(1,629)	(1,450)
Repayments of obligations under finance leases	(17)	(142)
Increase in loans	1,498	2,390
Repayment of debt	(3,219)	(3,149)
Bank fees paid	(48)	-
Grant funding received	-	345
Issue of preference shares to non-controlling interest	1,218	1,929
Net cash used in financing activities	(2,197)	(77)

22. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£'000	£'000
Within one year	31	44
Between one and two years	-	31
	31	75

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

23. Related parties

During the year ended 31 March 2019, the Company was a subsidiary of Liverpool Airport Finance Limited. The ultimate parent undertaking was Tokenhouse Limited (note 24). During the year the Group entered into the following transactions with related parties. The transactions were priced on an arm's length basis.

	Interest (payable)		Sales of Goods/ Services		(Purchase) of Goods / Services		Balances Receivable / (Payable)	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Durham Tees Valley Airport Limited	-	-	155	171	-	-	-	41
Doncaster Sheffield Airport Limited	-	-	2,667	2,598	(12)	(31)	280	(47)
Peel Finance (UK) Limited	(509)	(374)	-	-	-	-	(17,967)	(15,958)
Frodsham Windfarms Limited	-	-	18	18	-	-	5	-
Peel Investment (LJLA) Limited	-	-	-	-	-	(176)	-	-
Peel Advertising Limited	-	-	100	123	(14)	(2)	20	8
Peel Leisure Operations No. 1 Limited	-	-	215	434	-	-	12	-
Peel Investment (Land & Properties) Limited	-	-	-	-	-	-	-	4
Peel Holdings (Land & Properties) Limited	-	-	-	-	(1)	(1)	-	-
Peel Management Group Limited	-	-	-	-	(250)	-	-	-

The transactions were priced on an arm's length basis. Outstanding balances are unsecured, interest free and cash settlement is expected within the ordinary course of business.

Transactions with related Durham Tees Valley Airport Limited have been recognised in the related party table above until 16 February 2019 when it was sold from the Peel Holdings group and therefore was no longer classified as a related party.

24. Ultimate holding company

As at 31 March 2019 and until 29th August 2019 the following represented the control structure of the company. Restructuring of the business took place between 29th August 2019 to 17th September 2019 and the control has since been revised and can be seen in more detail in note 26, which details the events after the reporting period.

The Company's immediate parent undertaking is Liverpool Airport Finance Limited, a company incorporated in England and Wales, its registered address is the same as that listed on page 2.

The largest and smallest group of companies of which the Company is a member, which produces consolidated accounts, is the group included in this set of financial statements.

The ultimate holding company is Tokenhouse Limited; a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 Settlement.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

25. Restatement of 2018 financial statements

The Company financial statements for the year ended 31 March 2018 incorrectly included preference dividends receivable within debtors, separate from investments.

In preparation of the current year financial statements, it has been identified that as of 31 March 2018 the carrying value of the Company's investment into preference shares of Liverpool Airport intermediate No.1 Limited was inappropriately split between Investments and Debtors, whereas it should be presented entirely in Investments denoting that the carrying amount of the basic financial instrument carried at amortised cost represents one unit of account.

The comparatives in the current year financial statements and supporting notes have been restated for the Company to correct this material prior year error. The effects of the prior year error are summarised below:

	2018 £'000
Balance sheet	
Increase in Investments	1,107
Reduction in Debtors (Preference dividends receivable)	(1,107)
Effect on net current assets	<u>(1,107)</u>
Effect on net liabilities	<u>-</u>

26. Events after the reporting period

On 29 August 2019, the company's shareholdings in Liverpool Airport (Intermediate) No.1 were disposed of to Peel Investments LJLA (IOM) Limited. At the date of signing, this company no longer holds any investments in subsidiary undertakings.

The consideration received from the disposal of ordinary and preference shares was utilized to repay the related party loan and surplus cash was used to provide a loan to a related party. The directors are currently assessing options for the Company.