East Midlands Airport Nottingham Derby Leicester Limited

Annual report and financial statements

Registered Number 04129556

Year ended 31 March 2022

Contents

Strategic report

The directors present their Strategic report for the Company for the year ended 31 March 2022.

Principal activity

The principal activity of the Company during the year was acting as an intermediate holding company of East Midlands International Airport Limited and this is expected to continue in the future.

Business review and future outlook

Manchester Airports Holdings Limited and its subsidiaries (including the Company) are referred to below as 'MAG' or 'the Group'.

The results for the year are set out on page 13. During the year the Company made a profit before tax of £1,567,000 (2021: £2,025,000). At the year end the Company had net assets of £153,388,000 (2021: £151,821,000).

Impact and recovery from COVID-19

For the second consecutive year, this report paints a picture of an aviation sector that was severely impacted by the international travel restrictions introduced in response to the coronavirus pandemic. As the effects of the COVID-19 pandemic on the aviation industry have fluctuated, at MAG we have balanced our ability to manage our costs and liquidity against maintaining our infrastructure to enable future growth.

At the start of April 2021, all non-essential travel to and from the UK was prohibited, with many of the Group's most important markets effectively closed. We were joined by others in our industry in calling for a risk-based approach to restrictions, so that travel to different markets could be opened up depending on factors such as case rates and vaccination levels.

The Government's Global Travel Taskforce responded to this with its "traffic light system," which categorised countries as red, amber or green, with different restrictions applying in each case. While this appeared a positive development, a succession of changes – both to the categories themselves and to the countries within each designation – continued to cause uncertainty for the industry and consumers.

This meant that, for long periods of this year, passenger volumes remained significantly lower than they were pre-pandemic, with British travellers often subject to more stringent controls than those experienced in other countries. These measures resulted in a slower recovery in demand over Summer 2021 compared to most European countries.

However, the emergence and rapid spread of the Omicron variant in November hindered the sector's recovery once more, with the temporary re-introduction of complex, multi-stage testing requirements for people travelling to the UK. This change dramatically reduced passenger volumes and impacted our ability to plan ahead for a meaningful recovery.

Faced with these challenges, we were at the forefront of research to demonstrate the ineffectiveness of testing and quarantine requirements in preventing the spread of new variants, and highlight the significant economic impact caused by holding back the recovery of aviation.

The Government recognised these findings when it removed the remaining restrictions for fully vaccinated passengers at the turn of the calendar year, while also indicating such controls will only be re-introduced in exceptional circumstances.

This development sparked a rapid return of demand to the market, with passenger numbers rising sharply towards the end of the financial year. That trend has continued into the new period, with traffic across the Group in April 2022 reaching 80% of 2019 levels, rising to 85% in July 2022.

Like all airports across the UK, it has been challenging to build back our staffing levels quickly enough to meet this returning demand. This has meant we have at times seen disruption at some of our airports. But our major recruitment campaigns at all three Group airports are delivering results, and we expect to have the resources we need in place ahead of the busy 2023 summer season.

The fact this improved outlook only materialised in the final month of the financial year means it has had limited impact on the performance of the Group during the period covered by this report.

Strategic report *(continued)*

Business review and future outlook *(continued)*

Impact and recovery from COVID-19 (continued)

Passenger volumes across the Group in FY22 were 20.5m. While this was up on the 6.3m served in FY21, it was still significantly lower than the 59.6m recorded in FY20.

The past two years have been exceptionally difficult and we know that our recovery over the coming months will not be without its challenges. Our immediate focus is on rebuilding resource in our operation but we cannot ignore the strategic risks presented by external factors such as geopolitical stability and the war in Ukraine, the growing cost of living crisis here in the UK, and the relative insecurity of energy and fuel supplies. We are monitoring these and other risks closely to ensure we are ready for any further disruption we might face in due course.

Climate change

With climate change the defining issue of our time, it is particularly notable that MAG has been named a Financial Times European Climate Leader for 2021 and 2022, recognising our longstanding commitment to decarbonise our business and the wider aviation industry.

Over the last 12 months we have continued to demonstrate our commitment to delivering our five-year CSR Strategy – "Working together for a brighter future". Despite the challenges of the pandemic, the Group has made progress towards decarbonising our business and the wider aviation industry, ensured that education and training resources remained accessible, and provided support to our local communities when they needed it most.

Throughout this year, we have maintained our focus on building a sustainable future for our business. We remain committed to decarbonising aviation and are on track to achieve our goal of net zero for our operations by 2038 ahead of the Governments 2050 goal.

MAG continues to meet the 'comprehensive' standard for disclosures established by the Global Reporting Initiative, including the publication of a new climate data compendium. This report has also been enhanced, responding to recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD), demonstrating the focus MAG places on the risks posed by climate change and ensuring MAG's strategic and CSR reporting reflect the changes to environmental, social and governance (ESG) needs of investors. The Task Force on Climate-Related Finance Disclosure can be found on pages 75 and 76 in the Manchester Airports Holdings Limited annual report.

Our mature understanding of physical climate risks directly informs asset standards and infrastructure planning. Further work to consider the financial implications of climate change will position MAG well as economies more generally decarbonise.

Principal risks and uncertainties

The key risks faced by the Company are aligned with those of Manchester Airports Holdings Limited. The key risks for the Company are the long term implications of Brexit and wider macroeconomic risks and Climate change. For more details of these risks, and how they are managed please refer to pages 69 to 74 of the Strategic report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any other significant risks for the Company.

Strategic report *(continued)*

Key performance indicators ('KPIs')

The key performance indicators for the Company are aligned with those of the Group. The directors have not used any additional KPIs for the Company and those that are relevant to the Company are detailed in the table below.

The Company's performance against these KPIs were as follows:

	2022	2021
	£000	£000
Profit before taxation	**1,567**	2,025

Statement by the Directors in Performance of their Statutory Duties in Accordance with section 172(1) Companies Act 2006

The Board of Directors are aware of and consider they have acted in accordance with their statutory duties under s172(1) of the Companies Act 2006. Consistent with these duties, the directors have acted in good faith, seeking to promote the long-term success of the Company for the benefit of shareholders and in so doing have had regard to their duties to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

The Company works with the Group to manage key stakeholders, and the Group's interaction with them, is summarised below:

Stakeholder engagement

Stakeholder	Why they matter to MAG	What matters to them	How the Board interacts
Shareholders	Our shareholders provide the equity finance necessary to support the operation and future development of the business. Shareholders also appoint Non-Executive Directors who are critical to overall governance and make a valuable contribution to the working of the Board.	Our shareholders have invested in the long-term success of MAG. In return they seek predictable and sustainable returns on their investment. Our shareholders require high standards of governance, responsible business practices and transparent disclosure of information to inform their decision making.	Shareholders are directly represented on the Board and oversee the appointment of Non-Executive Directors. They receive regular reports from the management team on all aspects of the business. Shareholders receive regular reports from the CSR Committee, which considers responsible business practices, including environmental and community impacts, health, safety and wellbeing as well as equity, diversity and inclusivity (ED&I).

Strategic report *(continued)*

Statement by the Directors in Performance of their Statutory Duties in Accordance with section 172(1) Companies Act 2006 *(continued)*

Stakeholder	Why they matter to MAG	What matters to them	How the Board interacts
Colleagues	Colleagues are our greatest asset. They make our strategy a reality and deliver services to our customers. Their energy and ideas are critical to the continued innovation and improvement of the services we offer.	Our colleagues want a workplace that is safe, inclusive and offers them opportunities to develop their career. They expect to be treated fairly and to be rewarded appropriately for their contribution to the success of the company. Colleagues want to be a part of the decisions that affect them and to be supported by effective systems of internal communication.	The Board receives regular reports on safety matters and scrutinises safety performance. The CSR Committee, which is attended by the Chief People Officer, provides an opportunity for workplace issues, including fair pay, equality, diversity and inclusion to be discussed.
Passengers	Passengers provide much of our income. They are the foundation for our business. It is important that, working with our airline partners, we provide an appropriate range of services to meet their transport needs.	Our customers want our airports to be accessible; to provide a safe, secure, clean and welcoming environment, and to experience an efficient service.	The Board receives regular reports on passenger feedback, including our use of the Net Promoter Score. The Board's consideration of passenger experience includes detailed reports on the service provided to passengers who require additional support to access our services.
Communities and the environment	Many of our colleagues and customers are drawn from local communities and the economic impact of our operations is greatest in the regions we serve. Noise, congestion and local air quality impacts that arise due to our operations have greatest impact on communities closest to our airports, though some of the impacts of our operations, including climate change, have wider implications. It is vital that we understand the priorities of communities and ensure our operations take place within acceptable environmental limits. By doing so we earn our social licence to operate and grow.	Local communities want to share the economic success of our airports. They expect us to take all reasonable steps to reduce local impacts, including noise and emissions. Communities are concerned by climate change and expect us to progressively reduce the emissions of our airports and work with airlines to ensure that together we play a full part in delivering the government's net zero targets.	The Board has established the CSR Committee to allow extensive discussion of these issues. The Board regularly considers environmental impacts, including climate risks and considers the views of local communities through an independently facilitated materiality survey.

Strategic report *(continued)*

Statement by the Directors in Performance of their Statutory Duties in Accordance with section 172(1) Companies Act 2006 *(continued)*

Stakeholder	Why they matter to MAG	What matters to them	How the Board interacts
Customers, partners and suppliers	We deliver our services with the support of our airline customers, business partners and suppliers. Having effective relationships with them supports the long-term success of our businesses and maximises mutual benefit. It is important that those that we work with adopt responsible and sustainable practices, to minimise the risk to our operations and reputation.	Our customers, partners and suppliers want to work with us to maximise mutual benefit.	We work collaboratively including one-to-one key account management meetings with all our business partners – including airlines, retailers, tenants and aviation service partners. Our Airport Consultative Committees bring these customer groups together with passenger and community representatives, whilst our Airport Operator Committees bring airlines together to consider operational practices and management policies. Significant issues are drawn to the attention of the Board and associated risks are captured in our risk register. Our approach to procurement is accredited to the Corporate Certification Standard of the Chartered Institute of Procurement and Supply. This incorporates practices to make responsible procurement decisions which treat suppliers fairly, mitigate modern slavery, and ensure prompt payment. The Board receives regular reports on the management of the risks of modern slavery.
Industry, regulatory bodies, government and government agencies	Our operations are highly regulated. The policy and regulatory framework is an important factor that determines how we operate including ensuring that we operate safely and securely, that competition is fair and that our environmental impacts are within acceptable limits.	Government and industry regulators seek to work closely with industry partners and their associations to ensure that the policy and regulatory framework is informed by and takes full account of relevant issues.	The Board receives regular updates on government policy and oversees our work to engage with government, government agencies and regulatory bodies to help formulate and implement their policies.

By order of the Board

J Bramall
Director
30 September 2022

Directors' report

The directors present their Directors' report and audited financial statements for the Company for the year ended 31 March 2022.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

J Bramall

C James

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

Financial risk management

The Company's activities expose it to a variety of financial risks. The Company's funding, liquidity and exposure to interest rate risks are managed by the Group's treasury function.

Treasury operations are conducted within a framework of policies, which are approved and subsequently monitored by the Board. These include guidelines on funding, interest rate risk management and counterparty risk management.

For more details of the management of these risks please refer to note 26 on page 144 of the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any additional risks specific to this Company.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account the ongoing impact of COVID-19, and the current wider economic conditions, the Company will have sufficient funds, through funding from its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Manchester Airports Holdings Limited providing additional financial support during that period. Manchester Airports Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, continued support is dependent on the ability of the Manchester Airports Holdings Limited Group being able to settle its liabilities as they fall due. The directors of Manchester Airports Holdings Limited have concluded that a material uncertainty exists over the Manchester Airports Holdings Limited Group's ability to continue as a going concern. Under the severe but plausible downside scenario, the leverage test in March 2023 would be expected to breach the Group's covenant terms when tested. In such an event MAG would engage with its secured creditors in order to look to obtain further covenant waivers or amendments. In making this assessment, the Directors have considered the latest forecast position taking account of current economic assumptions including consumer spending, inflation, energy prices and the mini budget announced by the UK government on 23 September 2022.

Based on their enquiries the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the Basis of Preparation being inappropriate.

Directors' report *(continued)*

Dividend

No dividends were paid in the year (2021: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has 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 Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report on pages 1 and 2.

Auditor

During the year MAG undertook a tender for the audit of its group Annual Report and Accounts and subsidiary statutory accounts subject to audit, with the most recent previous tender exercise being performed in 2017. A written resolution relating to the appointment of Ernst & Young LLP as statutory auditor for the year ending 31 March 2023, was put before the Company's Board on 15th February 2022 and was duly approved.

Post balance sheet events

Subsequent to the year end, on 27 May 2022 the Group completed the refinancing of its revolving credit and liquidity facilities ('RCF' and 'LF'), details of which can be found in note 14 to the financial statements.

By order of the Board

J Bramall
Director

30 September 2022

6th Floor
Olympic House
Manchester Airport
Manchester
M90 1QX

Statement of directors' responsibilities relating to the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 these 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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1 St Peter's Square
Manchester
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United Kingdom

Independent auditor's report to the members of East Midlands Airport Nottingham Derby Leicester Limited

Opinion

We have audited the financial statements of East Midlands Airport Nottingham Derby Leicester Limited ("the Company") for the year ended 31 March 2022 which comprise the Income Statement and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on the continued financial support from its ultimate parent company, Manchester Airports Holdings Limited. The financial statements of Manchester Airports Holdings Limited include a material uncertainty related to going concern and therefore the availability of support may be in doubt if required. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Group's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of East Midlands Airport Nottingham Derby Leicester Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as going concern. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We perform procedures to address the risk of management override of controls, in particular:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted at the request of senior management, those posted to revenue with an opposing unusual account and those posted to treasury with an opposing unusual account.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of East Midlands Airport Nottingham Derby Leicester Limited *(continued)*

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of East Midlands Airport Nottingham Derby Leicester Limited *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

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.

Christian Bower-Sloane (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
30 September 2022

Income statement and other comprehensive income

for the year ended 31 March 2022

	Note	**2022**	2021
		£000	£000
Revenue		-	-
Operating costs	*2*	(18)	-
Operating loss		**(18)**	-
Interest receivable and similar income	*5*	**1,585**	2,025
Profit before taxation		**1,567**	2,025
Taxation	*6*	-	154
Profit for the financial year		**1,567**	2,179
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the financial year		**1,567**	2,179

The results presented above are all derived from the Company's continuing operations.

The notes on pages 16 to 24 form an integral part of these financial statements.

Statement of financial position

at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Non-current assets					
Investments	7		**134,258**		134,258
			134,258		134,258
Current Assets					
Trade and other receivables	8	**83,763**		82,177	
Cash at bank and on hand		**72**		73	
		83,835		82,250	
Current liabilities					
Trade and other payables	9	**(64,705)**		(64,687)	
Net current assets			**19,130**		17,563
Net assets			**153,388**		151,821
Capital & Reserves					
Called up share capital	10		**138,849**		138,849
Retained earnings	11		**14,539**		12,972
Shareholders' funds			**153,388**		151,821

The notes on pages 16 to 24 form an integral part of these financial statements.

These financial statements of East Midlands Airport Nottingham Derby Leicester Limited, registered number 04129556, were approved by the Board of directors on 30 September 2022 and were signed on its behalf by:

J Bramall
Director

Statement of changes in equity

at 31 March 2022

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
Balance at 1 April 2021	138,849	12,972	151,821
Total comprehensive income for the year			
Profit for the year	-	1,567	1,567
Total comprehensive income for the year	-	1,567	1,567
Balance at 31 March 2022	**138,849**	**14,539**	**153,388**

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
Balance at 1 April 2020	138,849	10,793	149,642
Total comprehensive income for the year			
Profit for the year	-	2,179	2,179
Total comprehensive income for the year	-	2,179	2,179
Balance at 31 March 2021	**138,849**	**12,972**	**151,821**

The notes on pages 16 to 24 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

East Midlands Airport Nottingham Derby Leicester Limited (the 'Company') is a private company incorporated, registered and domiciled in England and Wales in the UK. The registered number is 04129556 and the registered address is 6th Floor, Olympic House, Manchester Airport, Manchester, M90 1QX.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*'FRS 102'*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Manchester Airports Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Manchester Airports Holdings Limited, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, are available to the public, and may be obtained from Olympic House, Manchester Airport, M90 1QX.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 relating to the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Manchester Airports Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available relating to the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues relating to financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out over the page have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern and basis of preparation

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account the ongoing impact of COVID-19, and the current wider economic conditions, the Company will have sufficient funds, through funding from its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Manchester Airports Holdings Limited providing additional financial support during that period. Manchester Airports Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, continued support is dependent on the ability of the Manchester Airports Holdings Limited Group being able to settle its liabilities as they fall due. The directors of Manchester Airports Holdings Limited have concluded that a material uncertainty exists over the Manchester Airports Holdings Limited Group's ability to continue as a going concern. Under the severe but plausible downside scenario, the leverage test in March 2023 would be expected to breach the Group's covenant terms when tested. In such an event MAG would engage with its secured creditors in order to look to obtain further covenant waivers or amendments. In making this assessment, the Directors have considered the latest forecast position taking account of current economic assumptions including consumer spending, inflation, energy prices and the mini budget announced by the UK government on 23 September 2022.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern and basis of preparation

Based on their enquiries the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the Basis of Preparation being inappropriate.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other receivables/payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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 statement of financial position date, and any adjustment to tax payable relating to previous years.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.7 Investments

Investments in subsidiaries are measured at cost less impairment, with impairments recognised in the income statement.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.8 Impairment

Financial assets (including trade and other receivables)
A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss relating to a financial asset measured at amortised cost is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between an asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

1.9 Critical accounting estimates and judgements

In applying the Company's accounting policies, the Company has made estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may, however, differ from the estimates calculated and management believe that the following are the more significant judgements affecting these financial statements.

Judgements

In applying the Group's accounting policies, the Group has made key judgements. Management believe that going concern contains the more significant judgements impacting these financial statements.

Going concern

The directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account the ongoing impact of COVID-19, and the current wider economic conditions, the Company will have sufficient funds, through funding from its ultimate parent company, Manchester Airports Holdings Limited, to meet its liabilities as they fall due for that period.

However, continued support is dependent on the ability of the Manchester Airports Holdings Limited Group being able to settle its liabilities as they fall due. The directors of Manchester Airports Holdings Limited have concluded that a material uncertainty exists over the Manchester Airports Holdings Limited Group's ability to continue as a going concern. Under the severe but plausible downside scenario, the leverage test in March 2023 would be expected to breach the Group's covenant terms when tested. In such an event MAG would engage with its secured creditors in order to look to obtain further covenant waivers or amendments. In making this assessment, the Directors have considered the latest forecast position taking account of current economic assumptions including consumer spending, inflation, energy prices and the mini budget announced by the UK government on 23 September 2022.

Based on their enquiries the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the Basis of Preparation being inappropriate.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainty at the reporting date is detailed below:

Carrying value of non-financial assets

Estimates have been made in respect of the amounts of future operating cash flows to be generated by the Company, in order to assess whether there has been any impairment of the amounts of the Company's assets included in the statement of financial position.

The directors have viewed that COVID-19 has acted as an impairment trigger of its long-term assets and consequently have assessed the recoverable amounts of the Company. The assessment of recoverable amounts based upon Value in Use projections of future operating cashflows of the business, which are based upon a range of assumptions of the timing and rate of economic recovery from the pandemic and the resultant impact upon the Company's trading levels.

The Company has considered future traffic levels projections issued by other industry participants in arriving at its own projections which were used for both the impairment review and the Company's going concern assessment. These projections considered the timing and rate of recovery to pre-COVID-19 activity levels. For impairment purposes long-term projections beyond the 5-year business plan time horizon were based upon long-term growth rates. Downside scenarios included low-growth assumptions in considering risks around recoverability of the assets carrying value.

Notes to the financial statements *(continued)*

2 Notes to the income statement

Auditor's remuneration

Amounts receivable by the Company's auditor and the auditor's associates relating to services to the Company have been borne by the Company's ultimate parent, Manchester Airports Holdings Limited. The proportion of the consolidated fee applicable to the Company is £14,000 (2021: £7,000).

3 Remuneration of directors

J Bramall was a director of Manchester Airports Holdings Limited during the year, and their aggregate remuneration is disclosed in that company's consolidated financial statements. C James was also a director of East Midlands Airport Nottingham Derby Leicester Limited during the year, but not a director in MAHL. The proportion of their aggregate remuneration applicable to the Company based on services provided, is £1,000 (2021: £1,000). The total amount of £1,000 includes £nil (2021: £nil) received under long term incentive schemes and £nil (2021: £nil) of company contributions to pension plans.

The aggregate emoluments for the highest paid director during the year was £1,000 (2021: £1,000). The £1,000 includes Salary, benefits, £nil (2021: £nil) received under long term incentive schemes and £nil (2021: £nil) of company contributions to pension plans.

4 Staff numbers and costs

The Company had no employees during the year (2021: nil). The remuneration of the directors has been borne by a fellow Group company, MAG Airport Limited.

5 Interest receivable and similar income

	2022	2021
	£000	£000
Interest receivable on preference shares	**1,585**	1,585
Unwind of discounted deferred consideration	**-**	440
	1,585	2,025

Interest receivable on preference shares relates to the 9% cumulative redeemable preference shares that the company holds in East Midlands International Airport Limited. These shares have no fixed redemption date. The deferred consideration was paid in 2021 and therefore there is no unwind of deferred consideration in 2022.

Notes to the financial statements *(continued)*

6 Taxation

Total tax credit recognised in the income statement

	2022	2022	2021	2021
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the year	-		-	
Adjustment in respect of prior periods	-		(154)	
Total current tax credit		-		(154)
Total tax credit		-		(154)

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Current tax reconciliation		
Profit for the year	**1,567**	2,179
Total tax credit	-	(154)
Profit before tax	**1,567**	2,025
Profit before tax multiplied by the standard rate of corporation tax of 19% (2020: 19%)	**298**	385
Effects of:		
Non taxable income	**(301)**	(385)
Expenses not deductible	**3**	-
Adjustments to current tax charge in respect of previous periods	-	(154)
Total tax credit included in income statement	-	(154)

Factors that may affect future current and total tax charges

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 March 2022. As there is no deferred tax the potential impact of this change on the deferred tax balances at 31 March 2022 would be £nil.

Notes to the financial statements *(continued)*

7 Investments

	Shares in subsidiary undertakings
	£000
Cost and net book value	
At 31 March 2022 and 31 March 2021	**134,258**

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
East Midlands Airport Core Property Investments Limited[1]	England and Wales	Investment property company	100% £1 ordinary shares
East Midlands Airport Property Investments (Hotels) Limited[1]	England and Wales	Investment property company	100% £1 ordinary shares
East Midlands Airport Property Investments (Industrial) Limited[1]	England and Wales	Investment property company	100% £1 ordinary shares
East Midlands Airport Property Investments (Offices) Limited[1]	England and Wales	Investment property company	100% £1 ordinary shares
East Midlands International Airport Limited[2]	England and Wales	Airport operator	100% £1 ordinary shares 9% cumulative redeemable preference shares (100%)

The registered office addresses of the above companies are

[1] Olympic House, Manchester Airport, Manchester, M90 1QX

[2] Pathfinder House, East Midlands Airport, Castle Donington, Derby, DE74 2SA

Impairment

The principal CGU used in the impairment assessment consisted of the a combined value in use of £474.0m for East Midlands Airport compared to the carrying amount of investments in subsidiaries and amounts owed by group undertakings of £134.2m, providing headroom comfortably in excess of the carrying value of the investment.

The impairment testing calculated the recoverable amount of investments in subsidiaries of the cash generating unit by comparing the carrying value to the calculated value-in-use. Key assumptions for these calculations are those regarding discount rates, terminal value growth rates, expected changes to passenger and revenue growth rates, EBITDA margin and the level of capital expenditure required to maintain the assets.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the Board in April 2022 covering five years. Climate change considerations have been accounted for when arriving at the underlying costs in forecast cashflows. Management have also considered a downside scenario with FY22 passenger levels at 76% of pre-COVID-19 levels, which is in line with the lower end of industry expectations. The business plan estimates UK passenger levels in FY22 at 90% of pre-COVID-19 levels. No additional impairments arose as a result of considering this downside.

Notes to the financial statements *(continued)*

7 Investments *(continued)*

These projections and downside sensitivities for the timing and rate of passenger volume recoveries are in line with the projections used for going concern. For the purposes of the impairment assessment the business reflected the budget for the first 5 years and considered a terminal value for each CGU based upon a long-term growth reflecting estimated rates of inflation of 2%. The business has used a budget of 5 years but appreciates that additional forecast period could be merited to reflect the business's return to normal trading levels post COVID-19 recovery. If an additional forecast period was applied in the impairment assessments this would give rise to an increase in the headroom to those quoted.

The discount rates used in the cash flow forecasts have been estimated based on post-tax rates that reflect the market participant's assessment of the time value of money and the risks specific to the cash generating unit. In determining the discount rates, the Group has sought to arrive at a Weighted Average Cost of Capital (WACC) using the capital asset pricing model for a market participant. The discount and long-term growth rates used in the forecast discounted cash flows were calculated as:
Pre-tax: 14.61% (2021: 13.67%), Post-tax: 7.36% (2021: 6.89%), Long-term growth rate: 2.00% (2021: 2.00%);
Discount and long-term growth rates are not materially sensitive.

8 Current trade and other receivables

	2022	2021
	£000	£000
Amounts owed by group undertakings	**83,763**	82,177
	83,763	82,177

Current amounts owed by group undertakings of £83,763,000 (2021: £82,177,000) were unsecured, interest-free and repayable on demand. Balances are classified as current where management believe receipt is probable within 12 months. All other amounts are classified as non-current.

9 Trade and other payables

	2022	2021
	£000	£000
Other taxation and social security (includes corporation tax)	**-**	-
Accruals and deferred income	**495**	494
Amounts owed to group undertakings	**64,210**	64,193
	64,705	64,687

Amounts owed to group undertakings of £64,210,000 (2021: £64,193,000) are unsecured, interest-free and repayable on demand.

10 Called up share capital

	2022	2021
	£000	£000
Issued, called up and fully paid		
138,849,316 Ordinary shares of £1 each	**138,849**	138,849
	138,849	138,849

Notes to the financial statements *(continued)*

11 Reserves

2022	Retained Earnings £000
At 1 April 2021	12,972
Profit for the year after taxation	1,567
At 31 March 2022	**14,539**

2021	Retained Earnings £000
At 1 April 2020	10,793
Profit for the year after taxation	2,179
At 31 March 2021	12,972

12 Contingent liabilities

Under the Common Terms Agreement signed on 14 February 2014, the Company and a number of its fellow subsidiaries have entered into a security agreement with the Group's bondholders and banks. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets. The total amount outstanding under this agreement at 31 March 2022 is £1,921.2m (2021: £1,920.8m).

13 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Manchester Airport Group Finance Limited. The smallest group in which the results of the Company are consolidated is that headed by Manchester Airport Group Investments Limited. The Company's ultimate parent is Manchester Airports Holdings Limited. The consolidated financial statements of these groups are available to the public and may be obtained from the Company Secretary at 6th Floor, Olympic House, Manchester Airport, Manchester M90 1QX, or via the website at www.magairports.com.

14 Post balance sheet events

Subsequent to the year end, on 27 May 2022 the Group completed the refinancing of its revolving credit and liquidity facilities ('RCF' and 'LF'), comprising a £500m revolving credit facility and £90m in standby liquidity facilities, each with a five year term, maturing in May 2027, with optional extensions. The liquidity facility is sized to cover 12 months interest on secured debt and is a 364-day revolving facility with a five year term on each annual renewal. The facilities replace similar facilities that were due to mature in June 2023. These new facilities ensure sufficient headroom throughout the business plan period to ensure compliance with the Group's internal treasury policy. Both the RCF and LF are held within fellow group undertaking Manchester Airport Group Finance Limited, and drawings from the facility are transferred within the Group in line with the Group's internal treasury policy.