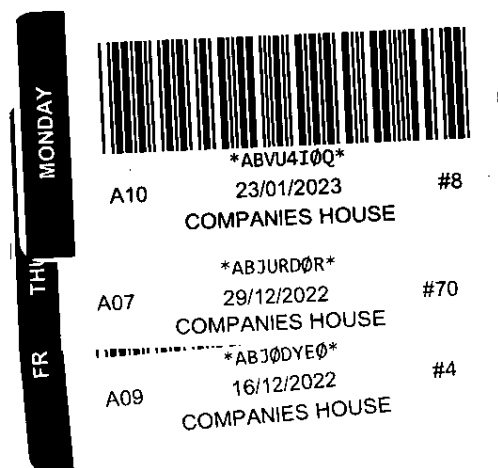


# East Midlands Airport Property Investments (Hotels) Limited

## Annual report and unaudited financial statements

Registered Number 07088376

Year ended 31 March 2022



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## Directors' report

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

In accordance with section 414B of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, the Company is exempt from preparing a Strategic report.

### Principal activity

The principal activity of the company is to operate as an intermediate holding company within the Manchester Airport Holdings Limited Group.

### Business review and future outlook

Manchester Airports Holdings Limited (MAHL) 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 5. During the year the Company made a profit before tax of £nil (2021: £nil). At the year end the Company had net assets of £nil (2021: £11,737,000).

#### *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% by July 2022.

## **Directors' report (continued)**

### *Impact and recovery from COVID-19 (continued)*

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.

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 implication 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.

## **Directors' report** *(continued)*

### **Key performance indicators ('KPIs')**

The directors have identified there to be no key performance indicators for the Company. For the group consolidated key performance indicators please refer to pages 23 and 24 of the Strategic report in the annual report and accounts for Manchester Airports Holdings Limited.

### **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).

### **Going concern**

The financial statements have not been prepared on a going concern basis as the Company's trading activities have ceased. As the directors do not intend to acquire a replacement trade they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### **Dividend**

A dividend of £11,737,000 (2021: £nil) was declared and paid in the year.

### **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 9 to the financial statements.

By order of the Board



**J Bramall**

Director

7 December 2022

4th Floor

Olympic House

Manchester Airport

Manchester

M90 1QX

## **Statement of directors' responsibilities relating to the Directors' report and the financial statements**

The directors are responsible for preparing 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.

For the year ending 31 March 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

## Income statement and other comprehensive income

for the year ended 31 March 2022

	<i>Note</i>	<b>2022</b>	2021
		<b>£000</b>	£000
<b>Revenue</b>		-	-
Operating costs	2-3	-	-
<b>Operating profit</b>		-	-
Interest payable and similar charges		-	-
<b>Profit before taxation</b>		-	-
Taxation		-	-
<b>Profit for the financial year</b>		-	-
Other comprehensive income for the year net of tax		-	-
<b>Total comprehensive income for the financial year</b>		-	-

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

The notes on pages 8 to 11 form an integral part of these financial statements.

## Statement of financial position

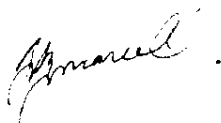
at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Current assets</b>					
Trade and other receivables	5	-		11,737	
<b>Net assets</b>			-		11,737
<b>Capital &amp; Reserves</b>					
Called up share capital			-		-
Retained earnings	6		-		11,737
<b>Shareholders' funds</b>			-		11,737

The notes on pages 8 to 11 form an integral part of these financial statements.

- For the year ending 31 March 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- The directors have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for:
  - ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and
  - preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the Company.

These financial statements of East Midlands Airport Property Investments (Hotels) Limited, registered number 07088376, were approved by the Board of directors on 7 December 2022 and were signed on its behalf by:



**J Bramall**  
Director



## Statement of changes in equity

at 31 March 2022

	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 April 2021	-	11,737	11,737
<b>Total comprehensive income for the year</b>			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
<b>Transactions with owners recorded directly in equity</b>			
Dividends paid	-	(11,737)	(11,737)
<b>Balance at 31 March 2022</b>	-	-	-
	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 April 2020	-	11,737	11,737
<b>Total comprehensive income for the year</b>			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance at 31 March 2021</b>	-	11,737	11,737

The notes on pages 8 to 11 form an integral part of these financial statements.

## Notes to the financial statements

### 1 Accounting policies

East Midlands Airport Property Investments (Hotels) Limited (the 'Company') is a private company limited by shares and incorporated, registered and domiciled in England and Wales in the UK. The registered number is 07088376 and the registered address is 4th 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:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company has taken advantage of section 33.1A of FRS 102 and not disclosed transactions with fellow Manchester Airports Holdings Limited Group ('the Group' or 'Group') companies.

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 in accordance with the Companies Act and applicable accounting standards in the United Kingdom, and on a historical cost basis.

For the year ended 31 March 2022, the directors have not prepared the financial statements on a going concern basis, due to no trade expected in the future periods. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### 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.

#### 1.5 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.

#### 1.6 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.

As the taxation charged to the income statement in the both the current year and prior year is £nil, management have not included a reconciliation in the notes to the financial statements from profit before tax to the total tax charged in the income statement.

## Notes to the financial statements *(continued)*

### 2 Notes to the income statement

#### *Auditor's remuneration*

For the year ending 31 March 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and therefore there is no audit fee applicable in the year. The proportion of the consolidated fee applicable to the Company in 2021 was £500.

### 3 Remuneration of directors

J Bramall and C James were directors of Manchester Airports Holdings Limited during the year (MAHL), and their aggregate remuneration is disclosed in that company's consolidated financial statements. C James was also a director of East Midlands Airport Property Investments (Hotels) 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 £nil (2020: £nil)

### 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 Trade and other receivables

	2022	2021
	£000	£000
Amounts owed by group undertakings	-	11,737
	<u>-</u>	<u>11,737</u>

In March 2022, the Company settled its loan due from group undertaking, East Midlands International Airport Limited (£11,737,000), by declaring a dividend for the same amount.

### 6 Retained earnings

	Retained Earnings £000
<b>2022</b>	
At 1 April 2021	11,737
Dividends paid	(11,737)
<b>At 31 March 2022</b>	<u>-</u>
	Retained Earnings £000
<b>2021</b>	
At 1 April 2020	11,737
Profit for the year after taxation	-
<b>At 31 March 2021</b>	<u>11,737</u>

## **Notes to the financial statements *(continued)***

### **7 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).

### **8 Ultimate parent company and parent undertaking of larger group of which the Company is a member**

The Company is a subsidiary undertaking of East Midlands International Airport 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 Olympic House, Manchester Airport, Manchester, M90 1QX, or via the website at [www.magairports.com](http://www.magairports.com).

### **9 Post balance sheet event**

Subsequent to the year end, on 27 May 2022 the Company 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 the Company, and drawings from the facility are transferred within the Group in line with the Group's internal treasury policy.