

Birmingham Airport Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2024

Registration number: 03312673

Birmingham Airport Holdings Limited

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Birmingham Airport Holdings Limited

Company Information

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Chief Executive N Barton

Directors N Barton
P T A Bateman
M A Bird
N J Jansa
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Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024

The Directors present their strategic report for the year ended 31 March 2024.

Principal activity

The principal activity of the Group is the operation and management of Birmingham Airport (“The Airport”) and the provision of facilities and services associated with those operations. The key operating objectives of the Group can be summarised as follows – we aim to:

- facilitate the safe and secure processing of passengers and aircraft through the provision of facilities and infrastructure in a sustainable and efficient manner;
- provide a value-for-money service, recognising the efforts of our employees and our partners, which will generate a profitable future for the Group;
- assist the region to develop and grow through improved connectivity, whilst seeking to mitigate any adverse impacts of our operation.

The Airport is a key economic accelerator for the Midlands region, providing the air connectivity vital for international trade, investment and employment, the growth of inbound tourism, and access to outbound leisure destinations. 7,000 people are directly employed by companies located within the Airport boundary, a further 9,900 people are employed indirectly to supply goods and services to the Airport and the Airport’s net economic impact, including catalytic effect in the region, is estimated as £1.5 billion GVA (Gross Value Added) per annum and 30,900 jobs.

In the year ended 31 March 2024 the Airport and other aviation partners continued to recover from the severe impacts of the Covid-19 pandemic. Passenger volumes were 98% of pre-pandemic levels (in 2022/23 this was 86%) and our projections for 2024/25 exceed the last pre-pandemic year of 2019/20.

Review of the business and future outlook

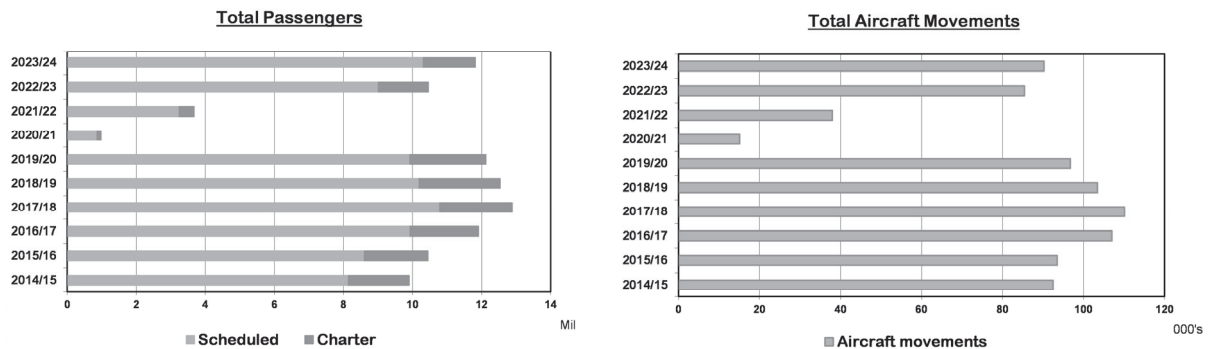
Market position and business environment

The global aviation market has experienced a recovery from the Covid-19 pandemic in 2023/24. The UK aviation market has seen a year-on-year increase in passenger numbers of 14.5%. During the year the Airport processed 11,816,935 passengers, an increase of 13.0% on 2022/23 (10,456,126) and passenger volumes in 2023/24 are just 2.5% below the last pre-pandemic year of 2019/20 (12,120,236). Birmingham Airport’s year-on-year growth of 13.0% was 1.5% behind the aggregate 14.5% growth at UK airports, mainly because we have a higher proportion of business traffic, which has been slower to recover from the pandemic than leisure. The increase in passengers compared to 2022/23 was driven by a combination of strong demand for overseas travel and an increase in airline capacity.

Following the demise of Thomas Cook in 2019 and Flybe in 2020, growth was expected to return in 2020/21 and continue into future years, driving significant expansion plans to meet the growing passenger demand. The Covid-19 pandemic delayed the growth but we have now almost fully recovered from the pandemic and replaced the lost Thomas Cook and Flybe traffic. In the 2024/25 financial year we are forecasting to exceed pre-pandemic passenger volume and be close to the record level in 2017/18.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)



The most popular destination again this year was Dublin, followed by Dubai, Amsterdam, Palma and Tenerife. Belfast was in the top 5 destinations last year but has been replaced by Palma, with the route dynamics in 2023/24 settling back to those pre-pandemic.

Our airline partners delivered growth in capacity during the year, with Ryanair basing a sixth aircraft at Birmingham and launching several new routes in the 2023 summer season. Jet2 increased their based aircraft to fourteen in Summer 2023 and EasyJet launched their three based aircraft in March 2024. In addition, July 2023 saw Emirates upgrade their lunchtime service back to the larger Airbus A380 (restoring the pre-pandemic aircraft capacity), Saudia Airlines made their debut at Birmingham with flights to Jeddah three times a week and Qatar Airways resumed their daily flights to Doha after they had ceased due to the pandemic. Based aircraft expansion brings more choice for our passengers as well as creating hundreds of direct and indirect jobs within our region. Looking forward to 2024/25 we are pleased that Jet2 have increased their aircraft to fifteen and Ryanair to seven aircraft for Summer 2024. In addition, Air India are adding extra capacity to their Amritsar and Delhi routes during 2024/25. We continue to be optimistic for the ongoing recovery in the aviation sector and expect to see pre-pandemic passenger volumes exceeded in 2024/25.

Whilst direct impact on passenger demand has been limited so far, sustained economic challenges could eventually affect travel behaviour and uncertainty remains in the near-term. Should the adverse factors have more impact in future, our experience of managing through the pandemic and other economic downturns should stand us in good stead to take appropriate actions with the cost base of the business.

There are signs that inflation is normalising and the concern over the surge in inflation and the impact this could have on the pace of recovery of air travel is easing, this should allow for more sustainable growth.

Future developments

Birmingham Airport is the preferred national and international aviation hub for the Midlands and our ambition is to build on this to become one of Europe's leading regional airports, acting as a key economic accelerator, delivering great service to passengers.

We understand that the significant social and economic benefits created by the Airport must be balanced with a sustainable operation. We take our responsibility to manage the Airport's impact on the environment very seriously and involve our local communities in the development of significant projects through the Airport Consultative Committee, which includes residents' associations and parish councils.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (continued)

Our long-term aims are to continue to modernise and extend our facilities so they are fit for the future. Major investments in the year included a new Next Generation Security Checkpoint with the latest security technology. This delivers a simplified and streamlined screening process which requires fewer items to be removed from customers' bags, and body scanning of all passengers. Currently there are temporary regulatory restrictions in place on the volume of liquids which may be carried in hand luggage, meaning we have not been able to use the new machinery installed as part of our Next Generation Security Checkpoint to its full potential.

In addition, we reconfigured a number of aircraft stands around our South Terminal, increasing our Code C aircraft capacity. We also started to install significant on-site photovoltaic electricity generation, increasing the current self-generation and working towards our ambitious carbon reduction targets. This will be operational by late summer 2024. Developments in the near future include further self-service bag-drop technology at check-in and increasing the capacity in our baggage make-up hall.

As our passenger volumes continue to recover from the impact of the Covid-19 pandemic and we look to future passenger volume growth, the timing of the investment programme continues to be managed closely, using a risk-based review of our infrastructure's age and performance and meeting our carbon reduction targets.

Statement on Corporate Governance Framework

The Board has committed to the Group's Corporate governance framework and arrangements being assessed against the "Wates principles" for large private sector companies. These focus on the six key areas of - Purpose and Leadership; Board Composition; Director Responsibilities; Opportunity and Risk; Remuneration; and Stakeholder relationships and Engagement. This is a voluntary commitment as the Airport falls below the financial size of a large private company which would make this adoption mandatory. However, the Board considers that the economic importance of the Airport to the Midlands region, and its ownership structure, which includes seven Local Authorities in the Region and Airport Group Investments Limited (AGIL), representing prominent international Pension Funds, means that it is good practice to adopt a governance framework that is assessed against these principles.

The Board has assessed its arrangements against each of the six principles:

Purpose and Leadership: the recovery of traffic following the Covid pandemic continued in the year, with operational challenges to resource the demand, whilst managing the financial recovery of the business and delivering regulatory change. The Board and the Executive management have continued to develop the purpose, long-term strategy, values and culture of the company to align with those goals.

Three core principles have guided the Board's approach to continuing the post pandemic recovery, maintaining financial viability of the Company and protecting resilient levels of liquidity: (i) that the long-term strategic plans for renewed growth for the Airport should not be undermined by the loss of core capabilities and skills; (ii) that the highest standards of safety be sustained, with rigorous oversight by the Board Safety Committee; and (iii) that pro-active communications, led by frequent CEO briefings to all employees and with stakeholders, including shareholders, customers, suppliers and neighbours, be undertaken.

The Company's Mission Statement, under the strapline of "Proud of Every Journey", underpinned by seven strategic pillars, forms the basis of communicating the Company's purpose to employees and stakeholders. The Board recognises the importance of becoming a net zero carbon Airport by 2033, and one strategic pillar is dedicated to this target. We have embedded our five new Corporate Values in the year: Dedicated, Respectful, Supportive, Inclusive and Curious. Employee volunteers and ambassadors have led this, through a dedicated Values Forum.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

The Board monitors the embedding of a healthy and transparent culture through independent annual employee surveys, most recently in November 2023. Workshops with employees were held to discuss the results of the survey, as well as engagement with trade union representatives. The results of the survey were reported to the Board, along with the outputs of the employee workshops and trade union engagement. The Board also receive regular reporting on key areas such as recruitment, training and retention measures.

Monitored by the Audit Committee, there are transparent policies and procedures in place for the handling of any whistleblowing concerns that are raised, including the option of contacting Protect, an independent whistleblowing organisation.

Strategically, the Board has focussed on growth opportunities as we recovered from the pandemic to capture new business, particularly in the resilient Low-Cost Carrier segment, with the aim of capturing a higher market share of outbound and inbound travel to the region. It is recognised that this objective will need to be supported by a business model with higher levels of productivity, effective customer service delivery, and the efficient allocation of capital expenditure.

Board Composition: The Board is made up of an independent Chair, the Chief Executive Officer, and directors appointed by the two shareholder groups - the Local Authorities and AGIL. It therefore has a good understanding of shareholder interests. The Board has a process for the regular evaluation of its effectiveness, in the form of a confidential questionnaire completed by each Director, rating the Board's performance across a range of metrics. It addresses such key questions as whether the Board has an appropriate combination of skills, backgrounds, expertise and knowledge to provide constructive challenge to executive management and to support effective decision making; whether the leadership of the Board by the Chair is promoting open debate and facilitating constructive discussion to enable effective decision making; whether the Directors have a level of involvement and understanding to be able to meet the needs of the business; whether the induction process for new directors is well structured to enable an understanding of the business and stakeholders' interests; and whether appointments to the Board are promoting a good level of diversity.

Director Responsibilities: In 2022 the Board carried out a review of authority levels, in the context of its shareholder agreement, covering the Board and its Committees, and its delegations of authority to executive management. There are Board Committees in place for Audit, Pensions, Remuneration and Safety. Terms of reference for each of the Board Committees define their areas of accountability when reporting to the Board, and these were reviewed and updated in the year. The Company Secretary provides new Directors on joining with an induction into their legal and governance responsibilities and updates the Board on developments in Corporate Governance best practice. The Company Secretary provides regular training to Board members on Directors' duties and their other obligations as Directors.

The Board has terms of reference in place that, should conflicts of interest arise they are to be declared, and where necessary for Directors to recuse themselves from such decisions.

The Board is provided with a monthly Management Information pack which is structured around the seven strategic pillars and includes key financial reporting; commercial data; passenger and airline trends; key performance indicators; employee, safety and environmental sustainability data; and reports on stakeholder engagement. All Board meetings also receive a strategic overview from the CEO.

Opportunity and Risk: The Board has overall responsibility for strategic decision making, assessing how best to create sustainable value over the longer term. It is also responsible for how risk should be most effectively identified and managed, and assurance provided. The key focus in the past year in respect of both opportunity and risk was to put in place the operational capacity to support planned growth, and to deliver the requirements of regulatory change. On a longer-term basis discussions have successfully continued with Airline partners to provide greater route density and frequency from the Airport, which is central to our focus on growth in market share.

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Strategic Report for the Year Ended 31 March 2024 (*continued*)

The Internal Audit & Risk Team has been re-established following the pandemic. The Head of Internal Audit & Risk has worked with the Board and Audit Committee to conduct a thorough review of Risk identification and assurance across the business. The Company's Audit Committee formally reviews the risks faced by the business at least three times a year and more frequently for specific risks requiring a more regular evaluation. The Company consider its current principal risks and uncertainties to include:

- Safety, security, and regulatory compliance. The Company has a very low appetite for the risk of harm to colleagues, partners, and travelling passengers. The Company is certified under ISO 45001 and has mature and proven processes to identify and mitigate health & safety risks. As a licensed aerodrome, the airport aims for full compliance with regulatory requirements relating to security and the safety of air traffic. The business can be affected by emerging regulation or modifications to national aviation strategy but has strong relationships with regulatory authorities and stakeholders to ensure regulatory change is successfully managed.
- Systems and infrastructure availability. The Airport operates a number of mission-critical assets and systems which must be provided at a consistently high level of availability and resilience. Failure to maintain the Airport's critical infrastructure or defend the security of essential Information and operational IT systems from external threat, may lead to severe operational impacts.
- Capital programme. The Airport has a continuous programme of projects to renew and replace its asset base as well as providing capacity for growth. The Airport's ability to meet forecast demand and preserve levels of service is critically dependent on the successful delivery of this programme. The Next Generation Security Checkpoint project ("NGSC") is currently the Airport's most prominent and significant capital investment which not only seeks to provide compliance with national security standards but is also expected to deliver a transformational customer experience and unlock growth potential, although there are temporary regulatory restrictions in place which mean that currently we are unable to use the new NGSC machinery to its full potential; The Airport's ability to deliver an efficient capital programme with acceptable and stable returns on investment is vital to ensuring it remains an attractive and trusted recipient of shareholder capital.
- Climate change. The Company recognises the challenges to aviation to decarbonise and has set itself the target to reach net zero by 2033. The physical risks of climate change are recognised in the Airport's climate change adaptation strategy, which has analysed and developed responses to the long-term effects of climate variables likely to impact airport operations or demand for aviation, including extreme or unpredictable weather events.
- People. The Company, and the many third-parties and partners who provide services to the Airport, rely on our ability to recruit and retain sufficient numbers of capable staff. As our passenger numbers reach pre-covid levels, the availability of colleagues to support security, terminal operations, airfield operations, air navigation services, fire & rescue, engineering, and non-operational support activities is crucial to maintaining service delivery. The labour market has shifted in recent years causing greater competition for now often scarce resource. We remain confident that we are seen as an employer of choice for candidates but must constantly strive to remain so.

Remuneration: Executive remuneration is determined by a Remuneration Committee established by the Board and made up of non-executive Directors. The Remuneration Committee independently considers relevant market comparators that are required to attract and retain high calibre people. The remuneration structure is made up of salary and incentive schemes related to company and individual performance and behaviours which support the delivery of the Airport's strategy and performance. No individual executive is involved in deliberations in relation to their own remuneration.

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Strategic Report for the Year Ended 31 March 2024 (*continued*)

Stakeholder Relationships and Engagement: The non-executive Directors, other than an independent Chair, are appointed from the two shareholding groups of the Local Authorities and AGIL to ensure a close understanding of shareholder interests. The Board and the CEO are closely engaged with the economic development of the region and its connectivity through liaison with the Authorities' West Midlands Shareholders Airport Committee, with the Mayor of the West Midlands and the Combined Authority, and relevant public bodies such as Midlands Connect. Through the Airport Consultative Committee (ACC), the Board engages regularly with interested regional parties on key issues of environmental sustainability such as noise and carbon emissions reduction.

In summary, the Board is committed to assessing its performance against the Wates principles and to a transparent evaluation and annual reporting process to enable continued improvement.

Financial Performance

Income

The Airport earns its income from two key revenue streams, Aeronautical and Commercial. Aeronautical income is generated by charges to airlines for the use of airport facilities by both aircraft and passengers. Commercial income is generated from commercial activities including concessions such as duty free, car parking, catering, property rental and associated recharges (e.g. energy/utilities).

Aeronautical income at £58.787 million (2023: £46.089 million) increased by 27.5% in 2023/24, including the release of prior year provisions, with underlying income increasing by 25.3%. Income increased more than passenger volumes principally due to inflationary increases and the mix of traffic.

Commercial income at £83.836 million (2023: £69.842m) increased by 20.0%, which was more than the increase in passenger volumes due to strong Commercial trading, particularly in the Duty Free store with duty-free shopping now available post-Brexit for travel between the UK and EU countries. There is an enhanced catering offering in the departure lounge with Starbucks opening a new unit, an enlarged Wetherspoons and a refurbished Burger King. In the retail space there is an enlarged JD Sports along with significant investment from WH Smith who opened its largest flagship travel store, creating a one-stop store for travel essentials.

Property Income and Recharges at £41.634 million (2023: £36.201 million) increased by 15.0%, reflective of higher charges for passenger and aircraft movement related charges, reflecting the increase in the volume handled, along with inflationary increases to recover the higher operating costs.

Operating costs

Total operating costs, before exceptional items, were 15.5% higher than the prior year at £123.9 million (2023: £107.2 million). Staff costs at £41.0 million increased by 17.3% (£6.1 million) reflecting wage inflation and higher staff numbers (the average headcount is now 786 compared to 646 in prior year). Non-staff costs at £82.9 million increased by 14.7% (£10.6 million), comprising higher third-party service provider costs from inflationary increases and higher passenger volumes, along with higher energy costs reflecting higher energy prices.

Depreciation charges increased by 15.9% in the year reflecting new assets completed in the year.

One of our key performance indicators is Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA), which improved by 29.9% to a profit of £91.4 million (2023: £70.3 million), reflecting the continued recovery in income since the pandemic, driven by higher passenger volumes, increased Commercial offering and strong cost control as the business recovered from the pandemic.

The operating profit, before exceptional items, improved by 34.4% to a profit of £60.4 million (2023: £44.9 million). The exceptional charge of £0.3 million (2023: £0.3 million) was principally due to payments to staff leaving the Airport. Operating profit, after exceptional items, was £60.1 million (2022: £44.6 million).

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Strategic Report for the Year Ended 31 March 2024 (continued)

The net interest cost reduced by £2.7 million to £11.7 million (2023: £14.4 million) mainly due to higher interest receivable from higher cash balances and interest rates, and lower interest payable due to part-year savings from repayment of a £30million US Private Placement loan note in December 2023 and full-year savings from repayment of a £25m Revolving Credit Facility in July 2022.

The tax charge for the year was £14.9 million (2023: £8.5 million), including a corporation tax charge of £5.1 million (2023: £6.5 Million) and a deferred tax charge of £9.8 million (2023: £2.0 million). This equates to an effective tax rate of 30.8% (2023: 28.0%) which is higher than the ordinary rate of UK corporation tax, reflecting the past ineligibility of industrial buildings for tax allowances.

For the year ended 31 March 2023 no final dividend was paid (2023: £nil) and no interim dividend was paid (2023: £nil) in accordance with the recommendation of the Directors.

The Directors recommend that no final dividend payment be made in respect of the financial year ended 31 March 2024 as we continue to recover from the Covid-19 pandemic and restore Balance Sheet strength.

Capital expenditure

Cash outflow for capital projects amounted to £65.9 million (2023: £13.7 million). The main projects in the year focused on the Terminal including works for the Next Generation Security Checkpoint, investment in Code-C aircraft stands and Information Technology projects.

Cash flow

During the year, the group generated cash of £83.1 million from operating activities (2023: £68.5 million), paid Corporation tax of £7.4 million (2023: £5.1 million), paid Capital expenditure of £65.9 million (2023: £13.7 million) and repaid US Private Placement notes of £30.0 million (2023: repaid the bank facility £25.0 million). The overall net cash position has decreased by £32.0 million (2023: £11.3 million increase) to £33.8 million (2023: £65.9 million). Looking forward, the group has a strong liquidity position to meet its ongoing liabilities as and when they fall due and has access to an undrawn £25m Revolving Credit facility.

Security

The UK aviation threat level is Substantial.

We continue to work very closely with the Department for Transport, the Civil Aviation Authority, West Midlands Police, UK Border Force, the National Protective Security Authority (NPSA) and other agencies to continuously improve our Security Excellence Culture, focussing on personnel, equipment and processes to maintain high security standards and proactively address emerging security threats. The new Passenger Search Area (PSA) started operation in March 2024 and was fully operational in May 2024. The PSA has the Next Generation Security equipment enhancing our security screening capabilities, although there are temporary regulatory restrictions in place which mean that currently we are unable to use the new NGSC machinery to its full potential.

Our IT system security, particularly the security of our customer data, is extremely important to us. We have extensive defences within our IT environment and continuously review and upgrade our infrastructure and systems to the latest security standards. We review the risks, mitigations and controls around our critical systems and apply relevant mitigation and this was reflected with a successful CAA Cyber Security Audit.

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Strategic Report for the Year Ended 31 March 2024 (*continued*)

Health and Safety

Birmingham Airport is committed to providing a safe and secure workplace and operational environment for all who use the Airport. Our Occupational Health and Safety Management System has continued to maintain the ISO 45001 standard.

There were 68 staff accidents during the year (2023: 48), 66 of these were classed as minor or negligible, 4 were lost time incidents (2023: 6) with none being reportable (2023: 1). The staff accident frequency rate was 0.25 (2023: 0.46) accidents per 100,000 hours worked, which is a significant improvement on last year with the Airport back in full operation after the pandemic.

We continue to encourage reporting of near misses and saw a significant rise (42%) in the proactive reporting on the previous year. This increase has had a positive impact on our accident statistics. The actual number of passenger accidents dropped by 32% with the overall passenger frequency rate also falling by 0.54 to 0.79 (2023: 1.33).

Good progress was also made delivering key safety related projects and initiatives including an improved programme of proactive audits in Construction Regulations (Design & Management), Occupational Health, Safety Management and Hazardous Substances, as well as introducing a new digital management system to control hazardous substances. In addition, good progress has been made with renewing/enhancing fire detection throughout the Airport.

Sustainability

In November 2019, the Airport published a Sustainability Strategy which sets out a number of objectives, including the Airport's commitment to become a net zero carbon airport by 2033. Despite the impact of the pandemic, the Airport remains steadfast in achieving its 2033 target. Progress has been made against each of the core themes of the Sustainability Strategy and the Airport remains committed to prioritise zero carbon airport operations, whilst minimising the use of carbon offsets. The carbon roadmap launched in March 2022 builds on a decade of learning and investments that had already seen a significant reduction in the emissions which the Airport controls. Since 2019 emissions have reduced by 25% through investment in control systems, LED lighting, electric vehicles and other energy efficiency measures. We are very pleased that most of the emission reductions achieved during the pandemic when the Airport was substantially closed have been retained as the Airport returns to pre-pandemic capacity.

In addition to climate change mitigation, the Airport's Sustainability Strategy focuses on our priorities to reduce environmental impacts and make improvements in the following core areas: climate change adaptation; local air quality; waste; supply chain & the circular economy; water; biodiversity; noise; community investment & wellbeing; and economic development & employment.

Managing noise is a top priority and we have updated our comprehensive Noise Action Plan to demonstrate how the Airport continues to measure, mitigate and engage on aircraft noise. We have listened to our neighbours to understand attitudes to aircraft noise, and we maintain a Night Flying Policy which is among the most stringent in the UK, developed in partnership with community representatives. We have invested in seven new fixed community noise monitors this year, providing the community with more accurate data and informing future noise contours and studies. Our website now hosts live aircraft tracking software, enabling the public to investigate flights and noise levels local to them. To further improve transparency and engagement we have launched a quarterly community newsletter, quarterly community noise report and re-launched our community X (formerly Twitter) page, providing sustainability updates and information.

In December 2021 our third Climate Change Adaptation Plan was approved and published by Defra. The plan includes a climate change risk register, allowing us to ensure that the airport remains resilient and prepared to adapt to a changing climate. Our fourth Climate Change Adaptation Plan is due to be completed and submitted to DEFRA by the end of 2024.

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Strategic Report for the Year Ended 31 March 2024 (*continued*)

We continue to take active steps to minimise the amount of waste we generate and optimise opportunities to recycle. A new waste contractor was appointed in 2023, and a novel waste management model adopted. Bidvest Noonan in partnership with The Green Block, installed a Material Segregation Unit (MSU) to improve recycling rates, which had increased to 81% by March 2024. We work closely with the Airport's on-site shops and restaurants to reduce waste and benefit community projects through the donation of goods and foodstuffs. A number of our food and beverage concessions have signed up to the 'Too Good To Go' app, reducing food waste across site. Over 30 tonnes of excess stock was donated to local charities including suitcases, clothes and pushchairs.

We operate a dedicated local air quality monitoring station and we are working proactively to reduce emissions at the Airport, including the operation of a fleet of electric vehicles. The Airport is fully compliant with all air quality limits and to date have had no air quality exceedances on the site with the exception of ozone, for which the Airport is not identified as the source.

We continue to make a positive contribution to biodiversity, operating a Historic Environment, Ecology and Landscape Management Plan (HEELMP) for a 42-hectare area of land to the south of the Airport and providing roosting opportunities for protected bats, birds and other species. We also support biodiversity initiatives through local tree planting schemes. In addition, we continue to invest in our local community with grants to local projects made through our Community Trust Fund. A total of £111,670 was awarded to 35 community projects in 2023/24.

The Airport raised £15,462 for Oasis Mental Health Support (formerly Solihull Mind), our Corporate Charity. Events included a sponsored abseil from the roof of our office block. We continued to focus on supporting work-related learning, hosting a number of schools and academic institutions over the year, as well as launching a fully funded community employability programme.

Our achievements were recognised externally at the International CSR Excellence Awards where we won gold in both 'Charitable Giving' and 'Community Commitment' categories, competing against over 500 other nominees.

Streamlined energy and carbon reporting

Birmingham Airport is committed to becoming a net zero carbon Airport by 2033, prioritising zero carbon Airport operations and minimising carbon offsets. Having first announced our ambition in 2019, we remain steadfast in achieving our 2033 target despite the impact of the pandemic. In April 2022, building on a decade of learning and investments, we launched our Net Zero Carbon Plan, which details our roadmap to 2033.

We have voluntarily measured and reported our carbon footprint since 2012/13 and have a track record in achieving low carbon operations including operating a fleet of 20 electric vehicles, diverting 100% of waste from landfill and providing electricity for use by aircraft at the stand.

Our location-based greenhouse gas (GHG) emissions in 2023/24 (7,845 t/CO₂e) increased by 0.6% compared to the previous year (7,797 t/CO₂e), despite passenger numbers increasing by 13% and the UK electricity emissions factor increasing by 7%. Historically, the emissions factor has decreased by around 9% a year due to lower coal-fired and higher renewable generation in the UK. However, in the 2023 update there had been an increase in gas-fired generation and a decrease in renewable generation. Applying the 2022 emissions factor to our 2023/24 consumption would have seen our overall GHG emissions decrease by 3.2% to 7,550 t/CO₂e. Our market-based GHG emissions in 2023/24 (3,391 t/CO₂e) decreased by 5.7% from 2022/23 (3,597 t/CO₂e) due to lower than forecast gas consumption and lower refrigerant replacement volume.

Relative to pre-COVID, as the airport re-opened, we have retained the majority of the energy and carbon emission reductions achieved whilst there were fewer passengers and our GHG emissions are c.2,500 t/CO₂e less than 2019/20, a 25% reduction.

We have continued to monitor and deliver energy savings through a combination of energy demand reduction, investment in more energy efficient equipment, and colleague engagement with energy and carbon management.

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Strategic Report for the Year Ended 31 March 2024 (continued)

Birmingham Airport is committed to working with our partners to reduce our indirect (Scope 3) carbon footprint. Scope 3 emissions are indirect emissions which are a consequence of our operation, but which occur from sources not owned or controlled by the Airport. The largest components of our indirect carbon footprint are emissions from the aircraft landing and take-off cycle and passenger travel to/from the Airport. We have been increasing our focus on these emission sources to understand how we can best assist and facilitate the transition to lower-carbon aircraft fuels and more sustainable surface access.

Greenhouse Gas Emissions reporting

Our GHG emissions footprint has been calculated using the GHG Reporting Protocol - Corporate Standard, in line with UK Government environmental reporting guidelines. A full report on the GHG emissions calculations and more information on our carbon reduction measures can be found on our website (www.birminghamairport.co.uk).

Energy & Transport Fuel Consumed			
	2023/24	2022/23	% Change
Energy & Transport Fuel (MWh)*	39,286	39,073	0.5%

*Includes gas, diesel, petrol, LPG, purchased electricity and onsite solar generation.

Energy Usage & Tonnes of CO ₂ e by Emissions Type							
Emissions Type	2023/24			2022/23			% Change Tonnes of CO ₂ e
	Consumption	Unit	Tonnes of CO ₂ e	Consumption	Unit	Tonnes of CO ₂ e	
Scope 1 (Gas)*	13,263,095	kWh	2,426	13,765,338	kWh	2,513	-3.5%
Scope 1 (Fuel – Owned Transport)	244,182	litres	612	213,511	litres	544	12.5%
Scope 1 (Fuel – Diesel Generators)	90,280	litres	227	60,200	litres	154	47.4%
Scope 1 (Refrigerants)	40	kg	65	184	kg	350	-81.4%
Scope 1 (De-icer)**	49,100	litres	41	-	litres	-	-
	13,525	kg		-	kg		
Scope 1 (LPG)	2,092	litres	3	6,659	litres	10	-70.0%
Scope 1 (Total)	-		3,374	-		3,572	-5.5%
Scope 2 (Purchased Electricity; Location-Based)*	21,512,300	kWh	4,455	21,717,207	kWh	4,200	6.1%
Scope 2 (Purchased Electricity; Market-Based)***			1			-	-
Totals (Scope 1 & 2; Location-Based)	-		7,829	-		7,772	0.7%
Totals (Scope 1 & 2; Market-Based)	-		3,375	-		3,572	-5.5%
Scope 3 (Business Car Travel)****	10,986	miles	16	6,392	miles	25	-36.0%
	6,006	litres		10,437	litres		
Totals (Scope 1, 2 & 3; Location-Based)	-		7,845	-		7,797	0.6%
Totals (Scope 1, 2 & 3; Market-Based)	-		3,391	-		3,597	-5.7%

*Gas and electricity used by tenants and retail concessions are excluded as they are reported under SECR by these third-party companies.

**Reporting of emissions from de-icer is a new Airport Carbon Accreditation (Level 3) reporting requirement for this year.

***100% of electricity procured through the Airport's group power contract is green, generated by renewable sources such as solar and wind power. Electricity used by the Airport's community noise monitors is not part of the group contract, nor is electricity from public EV charging points used in personal/hire cars on business use. These sources account for the 1 t/CO₂e in 2023/24.

****Business car travel emissions were calculated using both mileage claims (miles) and fuel receipts (cost converted into litres). These were added together for an overall business car travel emissions figure.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

Intensity ratio

Birmingham Airport reports on carbon emissions per passenger, which is a widely used metric throughout the aviation industry. In 2023/24, GHG emissions per passenger decreased by 11% compared to 2022/23, due to passenger numbers increasing by 13% and our GHG emissions remaining relatively static.

kg CO ₂ per passenger – Scope 1, 2 & 3 emissions (location-based)					
Year	Passenger Numbers	Scope 1	Scope 2	Scope 3	Total
2022/23	10,456,126	0.34	0.40	0.00	0.75
2023/24	11,816,935	0.29	0.38	0.00	0.66

Energy and carbon management

While we have a track record in achieving low carbon operations and we know that meeting our commitment will require more impactful and immediate action and new investment to deliver significant change across our Airport over a short time-period. The following projects demonstrate our commitment and the progress we are making on our journey to net zero carbon:

- Airport Carbon Accreditation (ACA) - the Airport achieved Level 3 (optimisation) of the ACA scheme for a second year. The ACA scheme, overseen by Airports Council International (ACI), is a global carbon management standard for airports. The scheme brings the Airport's decarbonising activities and reporting under ACI's framework of scrutiny, including comparison with other airports worldwide.
- Energy demand reduction - the greenest energy is the energy we don't use, that's why the Airport has continued to focus on energy demand reduction. Managing energy consumption using sub-metering, energy walkarounds and meetings of the Operational Energy and Cost Reduction Group, the Airport made 110 interventions, delivering savings of c. 550,000 kWh of energy. This included LED lighting replacements and installation of better controls, HVAC optimisation and switching off assets not in use.
- Investment in metering - 'You can't manage what you can't measure'. The Airport have invested in our metering this year, installing automated meter reading devices to our incoming water supplies, improving visibility of our consumption and reducing the risk of water leaks going undetected. Work to re-connect 66 electricity sub-meters to our energy management system was also completed.
- A focus on engaging colleagues - the Airport's Sustainability team ran the inaugural Sustainability Week in 2023, a series of events and activities for the Airport's employees and business partners to raise awareness of energy management and our Sustainability Strategy.
- Collaboration - the Airport understands that collaboration with internal and external stakeholders is key to reducing emissions. This year, the Airport joined the Airport Sustainability Forum, a consortium of UK airports working together to overcome the challenges to decarbonising airport operations. We continue to be a part of the Hydrogen Valley consortium, working across the Midlands to develop the hydrogen economy. In 2023, the Airport entered a long-term partnership agreement with ZeroAvia to make hydrogen refuelling and domestic flights of zero-emission aircraft a reality. The Airport continues to be an active member of the Solihull Sustainability Visioning Group, has joined the West Midlands Net Zero Business Pledge, and restarted Operation Pathfinder, a collaborative project led by the Airport Sustainability team, working with ATC and airlines to improve environmental performance during the landing and take-off cycle.
- Solar - construction began on a 6.8MW solar PV array on the airfield (expected to be operational by late summer 2024). This will meet 20% of our electricity requirements annually.
- Electric vehicles - emissions from business travel in employee-owned vehicles and hire cars reduced by 36% resulting from a significant shift to electric vehicle ownership.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

Statement by the Directors on performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Birmingham Airport Holdings Limited have acted in a way they consider to be most likely to promote the success of the group for the benefit of its members as a whole in the decisions taken during the year ended 31 March 2024. In doing so, the Directors have regard to:

(i) the likely consequences of any decision in the long term

The Airport's 4-year Business Plan is updated and reviewed annually. This important strategic plan guides our internal decision-making and how we work with our many stakeholders to balance competing priorities and find mutually acceptable ways forward.

In the past year, a number of strategic decisions have been made to position ourselves advantageously within the recovering aviation sector. These decisions include airline expansion, with an increase in based aircraft for three airlines; enlarging and refreshing our commercial estate; meticulous cost management, and; managing a growing workforce ensuring diversity, inclusivity, and cultural sensitivity along with sustainable operations as passenger numbers recover. In addition, we have increased our Capital Investment Programme, by meeting upcoming security regulations, enhancing our facilities, and replacing aging assets, so we are well-prepared to capitalise on the sector's growth.

For each of the above decisions s172 has been considered and all decisions made are to maintain the strongest possible position as the aviation sector recovers from the impacts of the pandemic and moves back to growth, considering the long-term interests of the Company's existing and new employees, as well as suppliers, customers and all other stakeholders.

(ii) the interests of the Group's employees

Our employees are fundamental to the delivery of our strategic ambitions as well as our day-to-day operations, to ensure our customers have an efficient and positive experience throughout the Airport.

Birmingham Airport continually aims to increase employee awareness and engagement around wellbeing with significant focus on all aspects including mental health and financial wellbeing. As we continue to focus on our Wellbeing Policy following its launch in 2022/23, a Wellbeing Forum was established with representatives across the business, which has resulted in the launch of a number of wellbeing initiatives such as Occupational Health on Tour, evening Pilates classes, running club and a fortnightly on-site fitness 'bootcamp'.

Two employees completed their Mental Health First Aid Instructor course and we have successfully trained 40 employees as Mental Health First Aiders supported by 18 Mental Health Ambassadors within the business. Employees have access to a dedicated Headspace Garden where they can relax and recharge away from the noise and stresses of the busy terminal areas. In February we received a commendation at the Great British Workplace Wellbeing Awards 2024 for our Mental Wellbeing Initiatives.

During the year we have embedded our five new Corporate Values: Dedicated, Respectful, Supportive, Inclusive and Curious. A dedicated Values Forum was launched in June 2022 which is led by five Values Leads and 35 Values Ambassadors. As a result of the feedback from the forum, a number of Family Friendly policies have been launched to support colleagues.

In June 2023 we launched our Reward and Recognition platform for employees, BHXProudPerks, which is a platform used to promote internal recognition aligned with our values, and provides numerous discounted vouchers, 24/7 virtual GP and car and bicycle salary sacrifice schemes.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

Our “have your say” annual employee survey undertaken by Great Place to Work took place in November 2023 and achieved a response rate of 75% (November 2022 survey 78%) and a 9% improvement in our Trust Index score. In response to the survey we held engagement workshops giving all colleagues a chance to meet our CEO and members of the Executive Team in person to discuss how we can move forward in the areas where we need to improve.

Leadership - the Executive Team's focus in 2023/24 was to build trust through social connection with back to the floor visits to chat with employees. In addition, the CEO holds regular meetings with our Heads of Department to provide an opportunity for senior managers to meet with the CEO to share views. A management leadership and development programme was launched during 2023 with a key focus on upskilling our managers. We continue to train and support our apprentices whilst utilising the Apprenticeship Levy, and we increased our apprentices to 11 in year working directly for the Airport.

(iii) the need to foster the Group's business relationships with suppliers, customers and others

We know that a great customer experience is not only about our facilities but also how our staff operate and interact with our customers every day to consistently deliver a great service. We have sought to ensure that our customers continue to feel safe and comfortable in the Airport environment and hence we continued to adhere to safety measures where practical and in response to customer and employee sentiment.

Post-pandemic, as passenger numbers continued to recover in 2023/24 we have been working in close collaboration with our on-site partners, such as ground handling agents, airlines, concessions etc. to host careers fairs to support our respective recruitment drives and staffing requirements. These have proved to be a great success as most Airport-based partners have found it challenging to re-recruit in line with the pace of post-pandemic recovery.

We continue to work closely with the business community across the region, including major corporates, the Chambers of Commerce, the Mayor's Office and travel management companies, to understand their plans and make sure we are meeting their demand for additional destinations and frequency of service. We are continually updating our view of the recovery of air travel, monitoring emerging uncertainties (e.g. Russia/Ukraine and the Israel/Gaza conflicts and cost of living pressures) and revising our aviation strategy accordingly.

We have strong relationships with a wide range of airlines including members of each of the three leading airline alliances (Star Alliance, Oneworld & SkyTeam) serving domestic, short-haul and long-haul markets. Our Aviation Development team are ambassadors for the region, constantly engaging with existing airline partners and with potential new carriers to Birmingham, raising the awareness of the Midlands and focussing their attention on the opportunities to fulfil route demand from our region. Dialogue with our airline partners is almost continuous at present as we work together collaboratively to meet the full recovery in passenger volumes and demand for travel.

We consider our supply chain as critical to enabling the Airport to achieve its objectives. Our Procurement Strategy seeks to segment our supply chain by criticality and level of expenditure so that procurement activities can be focused on delivering best practice supply chain solutions which represent value for money, are innovative, and have an emphasis on sustainability and health & safety. Through the delivery of effective procurement, there is also a commitment to engage with local small and medium enterprises (SMEs) with a recognition of the need to be socially responsible. To this end, the Airport has procured frameworks with a number of locally based businesses to deliver professional services to support the Capital Investment Programme. We are particularly grateful to all our suppliers for their flexibility during the pandemic and the subsequent recovery, which necessitated them taking significant actions within their own businesses and now reacting quickly to support the Airport as demand returned.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

(iv) the impact of the Group's operations on the community and the environment,

We take our community responsibilities seriously and work closely with local residents, who are represented on our Airport Consultative Committee, on a wide range of projects and initiatives. The Airport makes annual contributions to a Community Trust Fund and its independent trustees allocate the funds to worthwhile causes in the areas surrounding the Airport and this work has continued throughout 2023/24.

We have also continued our work with Schools and Colleges, supporting young people in developing essential skills and in gaining valuable experience of the aviation industry.

Oasis Mental Health Support (previously known as Solihull Mind) was the Company's official charity partner following a staff vote in previous years and the Company has been developing its relationship with the charity throughout the year. Income streams continue for Oasis at the Airport, with branded collection points for foreign currency in the departure lounge and at baggage reclaim. Oasis has trained 40 employees as Mental Health First Aiders and 18 Mental Health Ambassadors as part of the Company's staff wellbeing programme. It also designed the 'Headspace Garden' which opened in summer 2022 and provides staff with a tranquil garden environment close to the terminal where they can relax and enjoy a break during their busy working day.

We also take our environmental responsibilities very seriously across areas such as noise, carbon reduction, water and waste. Our objectives in these areas are set out in our Sustainability Strategy which was published in 2019, followed up with the publication of our Net Zero Carbon Plan in 2022 and we are now using electricity generated solely from renewable sources along with additional solar generation coming online in 2024. Further information is set out in the Sustainability section of this report.

Our strategy is to make the best use of our existing runway, in line with the Department for Transport's policy. As passenger volumes return to pre-pandemic levels, our capital planning will focus on ensuring that we maximise the potential of the existing site and runway.

(v) the desirability of the Group maintaining a reputation for high standards of business conduct, and

The Airport is a public-private partnership that has a high profile and generates significant public interest, particularly in the Midlands region. This makes it particularly important that the standards of business conduct are maintained at a high standard. This is achieved through a suite of company policies which are regularly reviewed and subject to review by the Audit Committee.

(vi) the need to act fairly as between members of the Group.

The relationship between the Group and its members is primarily guided by a Shareholder Agreement and the trust deeds which govern the employee share scheme.

Financial risk management

Objectives and policies

The Group has a number of policies in place to manage its financial risks, along with a risk management programme which is regularly reported to the Board and Audit Committee. Where actions are necessary and not covered by the policies in place, approval is sought from the Board.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

Assessment of principal risks and uncertainties

Interest rate risk

The Group's policy is to maintain an appropriate mix of credit facilities within Board approved parameters. The interest costs are fixed for the long-term borrowings, with the only variable interest costs being on the revolving credit facility which is currently undrawn. The Group has considered and remains satisfied with its current debt structure. £30 million of private placement debt matured in December 2023 and was repaid from the group's cash balance.

The group's cash is invested under strict Board approved parameters, which places a cap on the amount which can be invested with a single institution. Throughout the year, cash is invested in the money markets which, whilst exposing the group to interest rate risk, does maximise returns, whilst maintaining liquidity and access to funds.

Liquidity risk

It is the Group's policy to ensure continuity of funding by active management of working capital and maintaining sufficient cash or committed facilities to meet anticipated funding requirements, whilst ensuring that the Group is not exposed to excessive refinancing in any one year. In addition to the £33.8 million cash balance, there is an undrawn revolving credit facility for £25 million. Together these are considered sufficient to meet the Group's ongoing liquidity requirements.

Credit risk

The Group's policy requires appropriate credit checks of potential customers prior to the commencement of operation and regular reviews thereafter. In addition, focus has been directed at frequent reviews and management of this risk, due to the economic climate. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Cost risk

The Group has no significant exposure to any single element of price risk. The largest risks are wage and energy price inflation, the Group has some influence through negotiations with its employees and has hedged the majority of its energy prices for the forthcoming year. Discussions are ongoing with unions for salary increases from April 2024, with agreement reached so far for the largest employee group. Other cost exposures relate to general market inflation and building material costs as there is a large development programme as we expand to accommodate future passenger growth. In addition, the Valuation Office Agency (VOA) is changing the basis of business rates assessment for airports in England & Wales. This change is expected to a significant increase on the business rates charge for larger airports like Birmingham.

Competition risk

The key competitive risks are passengers and/or airline operators switching to other airports. These risks are mitigated by maintaining strong relationships with our airline customers and through continuous improvement targets to enhance the customer experience.

Covenant risk

The Group continues to comply with the financial covenants, relating to gearing and interest cover which are required by the private placement senior loan note holders and the bank Revolving Credit Facility.

Birmingham Airport Holdings Limited

Strategic Report for the Year Ended 31 March 2024 (*continued*)

Brexit risk

The UK successfully negotiated a new trade deal with the EU which came into effect on 1 January 2021, therefore the risks associated with Brexit have largely been removed.

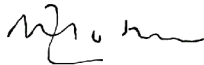
Passenger demand

Whilst we will closely monitor the impacts of geopolitical and economic developments, that could adversely impact passenger confidence and volumes, the Airport continues to be optimistic that demand will surpass pre-pandemic levels and the long-term prospects remain positive.

We would like to take this opportunity to thank all colleagues who have worked so hard for the Airport over the past year as it recovered from the pandemic and passenger volumes quickly returned to be just below pre-pandemic levels. Their dedication and engagement in helping the Airport recovery has been exemplary and very much appreciated.

In July 2023 the Airport announced the appointment of Sir Hugh Robertson as Chairman. Sir Hugh has a distinguished career in public service and business and will lead the Board in securing the Airport's ambitious growth plans and ensuring its vital contribution to the economy of the West Midlands.

Approved and authorised by the Board on 27 June 2024 and signed on its behalf by:



Chairman



Company Secretary

Birmingham Airport Holdings Limited

Directors' Report for the Year Ended 31 March 2024

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2024.

Future developments, dividends and financial risk management

The Strategic Report on pages 2 to 17 includes details of the Group's financial performance, dividends, future developments, statement of engagement with suppliers, customers and others in a business relationship with the Company which is covered by s172, stakeholder engagement, financial risk management objectives and policies, and its greenhouse gas emissions, energy consumption and energy efficiency action.

Directors of the Group

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

N Barton - Chief Executive
P T A Bateman
M A Bird
T Clarke - Chairman (resigned 18 July 2023)
N J Jansa (appointed 26 April 2023)
B Jones (resigned 21 March 2024)
J D McNicholas
P Nakou
Sir H M Robertson - Chairman (appointed 18 July 2023)
R K Sleigh
D M Stanton
P C Tilsley
M R Toms

Company Secretary

K Garrett

Directors' liabilities

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors throughout the financial year.

Birmingham Airport Holdings Limited

Directors' Report for the Year Ended 31 March 2024 (*continued*)

Going concern

The Directors have reviewed the prospects for the group and company through to March 2026 (twenty four months from the balance sheet date) in the context of continued recovery from the Covid-19 pandemic, economic impacts of the war in Ukraine and the inflation and interest rate environment.

Passenger volume continues to recover and in 2023/24 was 11.8 million (97.5% of the volume in 2019/20, the last pre-pandemic year). Looking forward, 2024/25 passenger volume is forecast to grow to 12.9 million. This will increase revenue, profitability and operating cash inflow.

At the balance sheet date, the group had strong liquidity, with a cash balance of £33.8 million and an undrawn £25 million revolving credit facility. The Directors have carried out financial modelling of a range of trading forecasts, uncertainties in achieving those forecasts, along with the actions which could be taken in response. In assessing the going concern position, the Directors have considered the group's cash flow and liquidity and the associated impact on the Group's lending covenant compliance.

The Group has external debt facilities of £341 million in private placement loan notes and an undrawn revolving credit facility of £25 million. £30 million of private placement loan notes matured in December 2023 and the debt was repaid from cash reserves.

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

Political donations

There were no political donations during the year.

Employment of disabled persons

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. We are committed to being a Disability Confident employer. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment either in the same or an alternative position, where possible, with appropriate retraining being given if necessary

Employee involvement

Employee contribution to our business is key to our success. The Group commits to meet the investors in people standard, ensuring the skills and knowledge of all our employees are updated to meet changes in our industry. The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group.

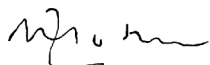
Birmingham Airport Holdings Limited

Directors' Report for the Year Ended 31 March 2024 (*continued*)

Reappointment of independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved and authorised by the Board on 27 June 2024 and signed on its behalf by:



Chairman



Company Secretary

Birmingham Airport Holdings Limited

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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 the Directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Approved and authorised by the Board on 27 June 2024 and signed by order of the Board by:

Kristin Garnett

.....
Company Secretary

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Birmingham Airport Holdings Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2024 and of the Group's and Company's profit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statement of Financial Position as at 31 March 2024; the Consolidated Income Statement; the Consolidated Statement of Comprehensive Income; the Consolidated and Company Statement of Changes in Equity, and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited (*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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited (*continued*)

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Civil Aviation Authority (CAA) regulations, employment law, pensions legislation, and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of fraudulent journals and manipulating the Group's key performance indicators to meet externally communicated targets. Audit procedures performed by the engagement team included:

- Inquiring of management and those charged with governance, as to whether the entity is in compliance with such laws and regulations, including consideration of actual or potential litigation and claims;
- Inspecting correspondence with the relevant authorities;
- Review of evidence including the involvement of pension and valuations experts to review financial assumptions and fair values of assets;
- Identifying and testing journal entries focussing on entries with unusual account combinations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing minutes of meetings of those charged with governance, and reviews of legal expenses;
- Review of estimates for evidence of bias; and
- Incorporating elements of unpredictability within audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Birmingham Airport Holdings Limited

Independent Auditors' Report to the members of Birmingham Airport Holdings Limited (*continued*)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....
Paul Norbury (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditor
Birmingham

27 June 2024

Birmingham Airport Holdings Limited
Consolidated Income Statement for the Year Ended 31 March 2024

	Note	2024 £ 000	2023 £ 000
Turnover	4	184,257	152,132
Staff costs	9	(40,994)	(34,940)
Depreciation and other amounts written off tangible and intangible fixed assets	6	(31,126)	(26,817)
Other operating expenses		(51,749)	(45,444)
Exceptional administrative expenses	5	<u>(266)</u>	<u>(346)</u>
Operating profit		<u>60,122</u>	<u>44,585</u>
Other interest receivable and similar income	11	2,285	623
Interest payable and similar expenses	12	<u>(13,976)</u>	<u>(15,035)</u>
		<u>(11,691)</u>	<u>(14,412)</u>
Profit before tax		48,431	30,173
Tax on profit	13	<u>(14,919)</u>	<u>(8,458)</u>
Profit for the financial year		<u><u>33,512</u></u>	<u><u>21,715</u></u>
Profit attributable to:			
Owners of the company		<u><u>33,512</u></u>	<u><u>21,715</u></u>

The above results were derived from continuing operations.

Birmingham Airport Holdings Limited**Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2024**

	Note	2024 £ 000	2023 £ 000
Profit for the financial year		<u>33,512</u>	<u>21,715</u>
Surplus on tangible assets revaluation	14	-	66,283
Deferred tax on tangible assets revaluation	13	-	(16,571)
Remeasurement (loss)/gain on net defined benefit pension liability		(5,074)	4,155
Deferred tax effect on actuarial (loss)/gain recognised on net defined benefit pension liability		<u>1,269</u>	<u>(1,038)</u>
Other comprehensive (loss)/income for the year		<u>(3,805)</u>	<u>52,829</u>
Total comprehensive income for the year		<u><u>29,707</u></u>	<u><u>74,544</u></u>

Birmingham Airport Holdings Limited**(Registration number: 03312673)****Consolidated Statement of Financial Position as at 31 March 2024**

	Note	2024 £ 000	2023 £ 000
Fixed assets			
Tangible assets	14	546,920	506,377
Investment property	15	9,690	11,588
		<u>556,610</u>	<u>517,965</u>
Current assets			
Inventories	17	1,117	1,397
Debtors	18	31,474	22,602
Cash at bank and in hand	19	33,832	65,861
		<u>66,423</u>	<u>89,860</u>
Creditors: Amounts falling due within one year	20	<u>(65,362)</u>	<u>(88,895)</u>
Net current assets		<u>1,061</u>	<u>965</u>
Total assets less current liabilities		557,671	518,930
Creditors: Amounts falling due after more than one year	20	(361,782)	(361,955)
Provisions for liabilities	24	(47,011)	(38,435)
Post employment benefits	25	(13,678)	(12,800)
		<u>135,200</u>	<u>105,740</u>
Net assets		<u>135,200</u>	<u>105,740</u>
Capital and reserves			
Called up share capital	26	3,240	3,240
Revaluation reserve	27	89,582	94,332
Merger reserve	27	25,588	25,588
Retained earnings/(Accumulated losses)		<u>16,790</u>	<u>(17,420)</u>
Total equity		<u>135,200</u>	<u>105,740</u>

The financial statements on pages 26 to 62 were approved and authorised by the Board on 27 June 2024 and signed on its behalf and signed on its behalf by:

Nick Barton

Chief Executive

[Signature]

Chairman

Chairman

Birmingham Airport Holdings Limited**(Registration number: 03312673)****Company Statement of Financial Position as at 31 March 2024**

	Note	2024 £ 000	2023 £ 000
Fixed assets			
Investments	16	<u>143,745</u>	<u>143,745</u>
Current assets			
Debtors	18	128,718	128,860
Cash at bank and in hand	19	<u>11</u>	<u>255</u>
		128,729	129,115
Creditors: Amounts falling due within one year	20	<u>(209,117)</u>	<u>(201,214)</u>
Net current liabilities		<u>(80,388)</u>	<u>(72,099)</u>
Total assets less current liabilities		63,357	71,646
Creditors: Amounts falling due after more than one year	20	<u>(15,384)</u>	<u>(15,384)</u>
Net assets		<u>47,973</u>	<u>56,262</u>
Capital and reserves			
Called up share capital	26	3,240	3,240
Merger reserve	27	51,380	51,380
(Accumulated losses)/Retained earnings		<u>(6,647)</u>	<u>1,642</u>
Total equity		<u>47,973</u>	<u>56,262</u>

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual income statement. Its loss for the financial year was £8.042 million (2023: £7.487 million).

The financial statements on pages 26 to 62 were approved and authorised by the Board on 27 June 2024 and signed on its behalf and signed on its behalf by:

Nick Barton

N BARTON

Chief Executive

Sir Iain Robertson

SIR IAIN ROBERTSON

Chairman

The notes on pages 33 to 62 form an integral part of these financial statements.

Birmingham Airport Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2024

	Note	Called up Share capital £ 000	Merger reserve £ 000	Revaluation reserve £ 000	(Accumulated losses)/ Retained earnings £ 000	Total equity £ 000
At 1 April 2022		3,240	25,588	45,309	(42,762)	31,375
Profit for the financial year		-	-	-	21,715	21,715
Other comprehensive income		-	-	49,712	3,117	52,829
Total comprehensive income		-	-	49,712	24,832	74,544
Revaluation reserve profit transfer (net of deferred tax)		-	-	(689)	689	-
Net sale of own shares from share trust		-	-	-	(169)	(169)
Movement in reserves of own trust		-	-	-	(10)	(10)
At 31 March 2023		<u>3,240</u>	<u>25,588</u>	<u>94,332</u>	<u>(17,420)</u>	<u>105,740</u>
At 1 April 2023		<u>3,240</u>	<u>25,588</u>	<u>94,332</u>	<u>(17,420)</u>	<u>105,740</u>
Profit for the financial year		-	-	-	33,512	33,512
Other comprehensive loss		-	-	-	(3,805)	(3,805)
Total comprehensive income		-	-	-	29,707	29,707
Revaluation reserve profit transfer (net of deferred tax)	27	-	-	(4,750)	4,750	-
Net sale of own shares from share trust	27	-	-	-	(125)	(125)
Movement in reserves of own trust		-	-	-	(122)	(122)
At 31 March 2024		<u>3,240</u>	<u>25,588</u>	<u>89,582</u>	<u>16,790</u>	<u>135,200</u>

Birmingham Airport Holdings Limited
Company Statement of Changes in Equity for the Year Ended 31 March 2024

	Note	Called up Share capital £ 000	Merger (Accumulated reserve £ 000	Retained earnings/ (Accumulated losses) £ 000	Total Equity £ 000
At 1 April 2022		3,240	51,380	9,308	63,928
Loss for the financial year		-	-	(7,487)	(7,487)
Total comprehensive expense		-	-	(7,487)	(7,487)
Net sale of own shares from share trust		-	-	(169)	(169)
Movement in reserves of own trust		-	-	(10)	(10)
At 31 March 2023		3,240	51,380	1,642	56,262
At 1 April 2023		3,240	51,380	1,642	56,262
Loss for the financial year		-	-	(8,042)	(8,042)
Total comprehensive expense		-	-	(8,042)	(8,042)
Net sale of own shares from share trust	27	-	-	(125)	(125)
Movement in reserves of own trust		-	-	(122)	(122)
At 31 March 2024		3,240	51,380	(6,647)	47,973

Birmingham Airport Holdings Limited**Consolidated Statement of Cash Flows for the Year Ended 31 March 2024**

	Note	2024 £ 000	2023 £ 000
Cash flow from operating activities	28	83,066	68,473
Income taxes paid		<u>(7,388)</u>	<u>(5,100)</u>
Net cash flow generated from operating activities		<u>75,678</u>	<u>63,373</u>
Cash flow from investing activities			
Interest received	11	2,037	346
Purchase of tangible assets		<u>(65,941)</u>	<u>(13,724)</u>
Net cash used in investing activities		<u>(63,904)</u>	<u>(13,378)</u>
Cash flow from financing activities			
Interest paid	12	(12,478)	(12,543)
Repayment of private placement notes	21	(30,000)	-
Repayment of bank facilities	21	-	(25,000)
Lease/leaseback premium	32	(1,078)	(950)
Net sale of own shares from share trust		(125)	(169)
Movement in reserves of own trust		<u>(122)</u>	<u>(10)</u>
Net cash used in financing activities		<u>(43,803)</u>	<u>(38,672)</u>
Net (decrease)/increase in cash and cash equivalents		(32,029)	11,323
Cash and cash equivalents at the beginning of the year		<u>65,861</u>	<u>54,538</u>
Cash and cash equivalents at the end of the year	19	<u><u>33,832</u></u>	<u><u>65,861</u></u>

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024

1 General information

The Company and its subsidiaries ("the Group") are private companies limited by shares and incorporated in England, United Kingdom.

The address of its registered office is:

Diamond House
Birmingham Airport
Birmingham
West Midlands
B26 3QJ

The principal activity of the Group is the operation and management of Birmingham Airport and the provision of facilities and services associated with those operations.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The Group and Company financial statements of Birmingham Airport Holdings Limited were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), taking into account updates of the 2018 triennial review and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost conventions modified to include the revaluation of certain assets in accordance with applicable accounting standards and the Companies Act 2006.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual income statement. Its loss for the financial year was £8.042 million (2023: £7.487 million).

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

2 Accounting policies (*continued*)

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from the requirements of FRS 102 paragraph 33.7 as the key management personnel and Directors are the same; and
- from the requirement to disclose transactions with Group members under FRS102 paragraph 33.1A.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2024. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Going concern

The Directors have reviewed the prospects for the group and company through to March 2026 (twenty four months from the balance sheet date) in the context of continued recovery from the Covid-19 pandemic, economic impacts of the war in Ukraine and the inflation and interest rate environment, as outlined in the Directors report on page 19. At the balance sheet date, the Group had strong liquidity, with a cash balance of £33.8 million and an undrawn £25 million revolving credit facility. Passenger volume continues to recover and in 2023/24 was 11.8 million (97.5% of the volume in 2019/20, the last pre-pandemic year). Looking forward, 2024/25 passenger volume is forecast to grow to 12.9 million. This will increase revenue, profitability and operating cash inflow.

After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

Revenue recognition

Turnover represents the amounts derived from the provision of services which fall within the Group's principal activity of the operation and management of Birmingham Airport and its related activities. All turnover is generated in the United Kingdom. Turnover comprises:

(i) Aeronautical income - sales related to aeronautical activities net of rebates, incentives and value added tax and is recognised at the point of passenger and aircraft departure.

(ii) Concession income - concession rentals net of value added tax relating to retail activities on the site. Income for car parking is recognised at the end of the parking stay and all other concession income is recognised in the year to which it relates on an accruals basis.

(iii) Property income and recharges - revenues relating to property lettings, service charges, utility recharges and usage charges for operational systems. All income is recognised in the year to which it relates on an accruals basis.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

2 Accounting policies (continued)

Government grants

Government grants that do not impose specified future performance-related conditions are recognised in other operating income when the grant proceeds are received or receivable. Grants that impose specified future performance-related conditions are recognised in income only when the performance-related conditions are met.

Other grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected lives of the relevant assets by equal annual instalments.

Exceptional administrative expenses

The Group classifies certain one-off charges or credits as 'exceptional administrative expenses'. These are disclosed separately in note 5 to provide further understanding of the financial performance of the Group.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except where it is attributable to an item of income or expense recognised as other comprehensive income where it is recognised directly in the Statement of Comprehensive Income or in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group and Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group and Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Current and deferred tax assets and liabilities are not discounted.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

2 Accounting policies (continued)

Tangible assets

Land, buildings and infrastructure are revalued and carried at their fair value at the date of valuation less any accumulated depreciation and accumulated impairment losses. Due to the specialist nature of the land, buildings and infrastructure fair value is based on an income or depreciated replacement cost approach. An independent valuation of operational assets was undertaken at 31 March 2023.

Tangible assets are revalued with sufficient regularity so as to ensure there are no significant differences between carrying and fair value. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and the revaluation reserve. However, the increase shall be recognised in the Income Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement. The decrease of an asset's carrying amount as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in the revaluation reserve, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in the revaluation reserve in respect of that asset, the excess shall be recognised in the income statement. The additional depreciation charge based on the asset's revalued carrying amount and the asset's original cost in the profit and loss account is transferred from revaluation reserve to retained earnings over the remaining useful life of the asset.

Plant and machinery is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of plant and machinery includes original purchase price and directly attributable incremental costs incurred in bringing the asset to its working condition for its intended use.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial amount of time to get ready for their intended use are added to the cost of those assets. All other borrowing costs are recognised in the income statement in the year they are incurred.

Depreciation

Depreciation is provided on all tangible fixed assets, other than land and assets in the course of construction, at rates calculated to write off cost or valuation, less estimated residual value of each asset evenly over its expected useful life. In addition, the carrying values of tangible fixed assets are reviewed for continued applicability in future periods if events or changes in circumstances indicate the carrying value may not be recoverable. The principal useful lives are as follows:

Asset class	Depreciation method and rate
Buildings	between 5 and 50 years
Infrastructure	between 10 and 50 years
Plant and machinery	between 4 and 30 years
Motor vehicles (included in plant & machinery)	between 4 and 15 years

Investment property

Investment property including freehold land, buildings (including off site residential properties and parts of a building held to earn rental income) are held at fair value based on rental income, where the fair value can be measured reliably without undue cost or effort. Fair value is measured at each reporting date with changes in fair value recognised in the income statement.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses. Investments are assessed for impairment at the end of each reporting year. If there is an indication of impairment the recoverable amount of the investment is impaired to its carrying amount. The recoverable amount of the investment is the higher of fair value less cost to sell and value in use. Value in use is defined as if the recoverable amount of the investment is lower than its carrying amount an impairment is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price, and then carried at amortised cost. A provision for the impairment of trade debtors is established when there is objective evidence that the Group or Company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Stores of consumable items and development land held within stock are valued at the lower of purchase cost or estimated net realisable value. At the end of each reporting year inventories are assessed for impairment. If an item of inventory is impaired the impairment charge is recognised in the income statement. Costs associated with holding the land are expensed as incurred.

Trade payables

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group or Company does not have an unconditional right, at the end of the reporting year, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at undiscounted amount of cash or consideration expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group or Company as an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Group has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the Group or Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Details of provisions are disclosed in note 24.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Rents receivable under operating leases are included in turnover on an accruals basis.

Financial instruments

Financial instruments are all categorised as basic financial instruments under section 11 of FRS 102. The Company has chosen not to measure the basic financial instruments at fair value through the Income Statement.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the reporting year in which the dividends are approved by the shareholders.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

2 Accounting policies (continued)

Employee benefits

Share incentive plan

The Birmingham Airport Holdings Limited Group has a Share Incentive Plan (SIP) which is available to all permanent employees of the Group companies. The All Employees Share Ownership Plan (AESOP) was set up to enable employees to have a greater involvement in the Company and share in its future success and has been approved by HM Revenue and Customs. Most years employees have the opportunity to join the plan and save to purchase Partnership shares in the Group. The scheme relaunched in 2022/23. For every three Partnership shares purchased the employee is given a Matching share by the Employee Share Trust. The shares are held in Trust for the employees and they are entitled to receive a dividend from Birmingham Airport Holdings Limited, if a dividend is declared, while the shares are held in Trust for the employee.

Defined contribution plan

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit plan

A defined benefit plan defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of the plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in sterling, and that have terms to maturity approximation to the terms of the related pension liability. The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they arise. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan is recognised in the Income Statement as employee costs and comprises, increases in the liability arising from employee service and cost of benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Income Statement as a 'finance expense'.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

3 Critical accounting judgements and estimations of uncertainty

The Group and Company makes relatively few judgments and estimates in preparing the financial statements and where the Directors have had to make provisions they are reasonable and prudent. 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.

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Details of the pension scheme are disclosed in note 25.

(ii) Tangible assets

The Group's tangible fixed assets are carried at either their fair value at date of valuation or cost, less any accumulated depreciation. Management estimates the useful economic life of assets based on historical experience and professional guidance from suppliers and subject matter experts. Asset impairments are based on estimates of current and future development plans. Details of the tangible assets are disclosed in note 14.

(iii) Customer rebates

The Group has accruals for expected rebates with customers. Such estimates are based on analyses of existing contractual obligations, historical trends and the Group experience. After assessment by management, the total accruals for these items are appropriate, based upon currently available information and contractual positions. As these deductions are based on management estimates, the actual rebate costs might differ from these estimates.

(iv) Going concern

The Directors have considered the continuing uncertainties facing the Group over the next two years and carried out financial modelling of a range of trading scenarios along with the actions which could be taken in response, as outlined in the Directors' report on page 19.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

4 Turnover

The analysis of the group's turnover for the year by class of business is as follows:

	2024	2023
	£ 000	£ 000
Aeronautical income	58,787	46,089
Concessions income	83,836	69,842
Property income and recharges	41,634	36,201
	<u>184,257</u>	<u>152,132</u>

All turnover is generated in the United Kingdom.

5 Exceptional administrative expenses

	2024	2023
	£ 000	£ 000
Restructuring	266	346
	<u>266</u>	<u>346</u>

During the year £0.266 million (2023: £0.346 million) restructuring costs were incurred for employees leaving the business as a result of redundancy programmes. Included within taxation on profit/(loss) is tax on exceptional items at the current UK tax rate of 25% (2023: 19%) amounting to £0.067 million (2023: £0.066 million).

6 Operating profit

Arrived at after charging/(crediting):

	2024	2023
	£ 000	£ 000
Depreciation expense (note 14)	31,363	27,054
Capital grant release	(10)	(10)
Government capital grant release (note 7)	(227)	(227)
Increase in fair value of investment property (note 15)	(220)	(1,119)
Operating lease expense - plant and machinery	81	73
Loss on disposal of tangible assets	63	-
Impairment/(reversal of impairment) of trade receivables	41	(356)

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

7 Government grants

In 2019 the Group received a grant of £1.375 million from the Department of Transport for the deployment and operation of ultra-low emission buses, including any supporting infrastructure and also received the final instalment of £1.353 million grant from the European Commission Innovation and Networks Executive Agency for collaborative decision making. The grants are being amortised to the Income Statement over the life of the assets.

	2024	2023
	£ 000	£ 000
Opening balance at 1 April	2,013	2,240
Utilised	(227)	(227)
Closing balance at 31 March	<u>1,786</u>	<u>2,013</u>

8 Auditors' remuneration

	2024	2023
	£ 000	£ 000
Audit of company and consolidated financial statements	46	43
Audit of the financial statements of subsidiaries of the company pursuant to legislation	154	155
	<u>200</u>	<u>198</u>
Other fees to auditors		
Audit-related assurance services	<u>18</u>	<u>17</u>

Other fees includes bank covenant certificates, advice on specific transactions and audit of costs for service charges and passengers with reduced mobility.

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2024	2023
	£ 000	£ 000
Wages and salaries	35,882	29,962
Social security costs	3,773	3,401
Other pension costs, defined contribution scheme (note 25)	2,006	1,559
Other pension costs, defined benefit scheme (note 25)	566	1,004
	<u>42,227</u>	<u>35,926</u>

The aggregate payroll costs include exceptional items of £0.266 million (2023: £0.346 million) and employee costs capitalised of £0.967 million (2023: £0.640 million).

The Company had 2 employees (2023: 2) who received wages and salaries of £1.443 million (2023 £1.154 million), with national insurance costs of £0.192 million (2023: £0.166 million).

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

9 Staff costs (continued)

The average monthly number of persons employed by the Group (including Directors) during the year, analysed by category were as follows:

	2024	2023
	No.	No.
Engineering	54	44
Operations and security	498	407
Support services	234	195
	<u>786</u>	<u>646</u>

10 Directors' emoluments

The Directors' emoluments for the year was as follows:

	2024	2023
	£ 000	£ 000
Aggregate emoluments	<u>1,037</u>	<u>809</u>

No directors are part of a share options scheme or accrued post-employment benefits under defined benefits plan or as a member of defined contribution pension scheme (2023: £nil).

In respect of the highest paid Director:

	2024	2023
	£ 000	£ 000
Aggregate emoluments	<u>911</u>	<u>699</u>

Executive remuneration is determined by a Remuneration Committee established by the Board and made up of non-executive Directors. The Remuneration Committee independently considers relevant market comparators that are required to attract and retain high calibre people. The remuneration structure is made up of salary and incentive schemes related to individual performance and behaviours which support the delivery of the Airport's strategy and performance. No individual executive is involved in deliberations in relation to their own remuneration.

Key management compensation

Key management includes the members of senior management. The compensation paid or payable to key management for employee services is shown below: There were 10 members of senior management in the year (2023: 11).

	2024	2023
	£ 000	£ 000
Salaries and other short term benefits	2,746	2,582
Post employment benefits	70	75
	<u>2,816</u>	<u>2,657</u>

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

11 Other interest receivable and similar income

	2024	2023
	£ 000	£ 000
Interest income on financial assets	2	3
Bank interest receivable	2,283	620
	<u>2,285</u>	<u>623</u>

12 Interest payable and similar expenses

	2024	2023
	£ 000	£ 000
Private placements senior notes interest	11,910	12,290
Interest on preference shares	971	971
Lease/leaseback interest	1,078	950
Bank loans and overdrafts	-	173
Pension scheme net finance charge (note 25)	488	484
Other interest payable	345	167
Less: capitalised interest	(816)	-
	<u>13,976</u>	<u>15,035</u>

13 Tax on profit

(a) Tax charged in the income statement

	2024	2023
	£ 000	£ 000
Current taxation		
UK corporation tax	5,368	6,586
Adjustment in respect of prior years	(317)	(81)
	<u>5,051</u>	<u>6,505</u>
Deferred taxation		
Arising from origination and reversal of timing differences	9,440	1,754
Arising from changes in tax rates and laws	-	553
Adjustment in respect of prior years	428	(354)
	<u>9,868</u>	<u>1,953</u>
Tax on profit	<u>14,919</u>	<u>8,458</u>

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

13 Tax on profit (continued)

(b) Tax (credited)/charged in other comprehensive income

	2024	2023
	£ 000	£ 000
Arising from origination and reversal of timing difference	(1,269)	13,383
Arising from changes in tax rates and laws	-	4,226
	<u>(1,269)</u>	<u>17,609</u>

(c) Reconciliation of tax charge

The tax on profit for the year is higher than the standard rate of corporation tax in the UK (2023: higher than the standard rate of corporation tax in the UK) of 25% (2023: 19%).

The differences are reconciled below:

	2024	2023
	£ 000	£ 000
Profit before tax	<u>48,431</u>	<u>30,173</u>
Corporation tax at standard rate	12,108	5,733
Effect of expense not deductible in determining taxable profit	2,700	2,607
Deferred tax expense relating to changes in tax rates or laws	-	553
Adjustment in respect of prior years	111	(435)
Total tax charge	<u>14,919</u>	<u>8,458</u>

(d) Tax rate changes

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021 and is reflected in the Group's financial statements.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

14 Tangible assets

Group	Freehold Land and buildings £ 000	Leasehold land and buildings £000	Infrastructure £ 000	Plant and machinery £ 000	Assets in the course of construction £ 000	Total £ 000
Cost or valuation						
At 1 April 2023	283,537	200	132,531	243,228	30,705	690,201
Additions	-	-	-	-	69,034	69,034
Capitalised interest	-	-	-	-	816	816
Transfers	26,813	-	474	11,595	(38,882)	-
Transfers from/to investment property	2,110	-	-	-	-	2,110
Disposals	(62)	-	-	-	-	(62)
At 31 March 2024	<u>312,398</u>	<u>200</u>	<u>133,005</u>	<u>254,823</u>	<u>61,673</u>	<u>762,099</u>
Accumulated depreciation						
At 1 April 2023	116	-	3,849	179,859	-	183,824
Charge for the year	11,559	-	10,494	9,310	-	31,363
Eliminated on transfer to/from investment property	(8)	-	-	-	-	(8)
At 31 March 2024	<u>11,667</u>	<u>-</u>	<u>14,343</u>	<u>189,169</u>	<u>-</u>	<u>215,179</u>
Carrying amount						
At 31 March 2024	<u>300,731</u>	<u>200</u>	<u>118,662</u>	<u>65,654</u>	<u>61,673</u>	<u>546,920</u>
At 31 March 2023	<u>283,421</u>	<u>200</u>	<u>128,682</u>	<u>63,369</u>	<u>30,705</u>	<u>506,377</u>

Included within the net book value of land and buildings above is £300.731 million (2023: £283.421 million) in respect of freehold land and buildings and £0.200 million (2023: £0.200 million) in respect of long leasehold land and buildings. Included in land and buildings is land at a value of £92.868 million (2023: £92.930 million) which is not depreciated.

Birmingham Airport Limited entered into a lease/leaseback arrangement with the West Midlands District Councils which covers all the land, buildings and infrastructure of the airport site. Details of the transaction are included in note 32.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

14 Tangible assets (continued)

Revaluation

The Group's operational assets were revalued on 31 March 2023 by an independent valuer, Knight Frank LLP, in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors and with FRS 102. Due to the specialist nature of the airport's assets, the fair value is based on income and the depreciated replacement cost methodology for land, buildings and infrastructure assets. These revaluations were incorporated into the financial statements and the resulting revaluation surplus of £66.283 million was taken to the revaluation reserve (net of deferred tax).

Historical cost

On a historical cost basis the gross cost of land and buildings assets would have been included as £335.295 million (2023: £307.547 million) and the net book value would have been £172.859 million (2023: £153.106 million). The gross cost of infrastructure assets would have been £206.271 million (2023: £205.798 million) and the net book value would have been £70.266 million (2023: £75.497 million).

Capitalised interest

Within capitalised interest are capitalised borrowing costs of £0.816 million (2023: £Nil million). The capitalisation rate used to determine the amount of finance costs capitalised during the year was 3.95% (2023: nil)

Company

The Company had no tangible assets at 31 March 2024 (2023: £nil)

15 Investment property

Group

	£ 000
At 1 April 2023	11,588
Transfers from property, plant and equipment	(2,118)
Fair value adjustments	<u>220</u>
At 31 March 2024	<u>9,690</u>

Investment properties held by Birmingham Airport Limited have been revalued at 31 March 2024, by Knight Frank LLP undertaken in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors and with FRS 102, the valuation identified an reduction of £0.065 million (2023: £1.019 million increase) which has been recognised in the income statement.

Investment properties held by First Castle Developments Limited have been revalued at their fair value in accordance with the appraisal and valuation manual of the Royal Institute of Chartered Surveyors on 31 March 2024 by Fisher German LLP. The valuation identified a gain of £0.285 million (2023: £0.100 million) which has been recognised in the income statement.

Company

The Company had no investment properties at 31 March 2024 (2023: £nil).

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

16 Investments

Company

	2024 £ 000	2023 £ 000
Investments in subsidiaries	143,745	143,745

Details of subsidiaries

Details of the investments that the Group and Company holds are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2024	2023
Subsidiary undertakings				
Birmingham Airport Operations Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Limited	England	Ordinary Shares	100%	100%
Birmingham Airport (Finance) plc	England	Ordinary Shares	100%	100%
First Castle Developments Limited	England	Ordinary Shares	100%	100%
BHX Fire and Rescue Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Air Traffic Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Services Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Developments Limited	England	Ordinary Shares	100%	100%
Euro-hub (Birmingham) Limited	England	Ordinary Shares	100%	100%
Birmingham Airport Pension Trustees Limited	England	Ordinary Shares	100%	100%
BHX (Scotland) Limited	Scotland	Ordinary Shares	100%	100%
BHX Limited Partnership	Scotland	Capital Contribution	100%	100%

The registered address of these investments is the same as the parent company with the exception of BHX (Scotland) Limited and BHX Limited Partnership whose registered address is c/o Anderson Strathern LLP, 58 Morrison Street, Edinburgh, EH3 8BP.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

16 Investments (continued)

The principal activity of Birmingham Airport Operations Limited is operation and management of Birmingham Airport Limited, Birmingham Airport (Finance) plc and Euro-hub (Birmingham) Limited.

The principal activity of Birmingham Airport Limited is airport terminal management and operation.

The principal activity of Birmingham Airport (Finance) plc is financing.

The principal activity of First Castle Developments Limited is property holding company.

The principal activity of BHX Fire and Rescue Limited is airport rescue and fire fighting services.

The principal activity of Birmingham Airport Air Traffic Limited is provision of air traffic services.

The principal activity of Birmingham Airport Services Limited is provision of services at Birmingham Airport.

The principal activity of Birmingham Airport Developments Limited is site development.

The principal activity of Euro-hub (Birmingham) Limited is property holding company.

The principal activity of Birmingham Airport Pension Trustees Limited is pension trustees.

The principal activity of BHX (Scotland) Limited is property holding and investment.

The principal activity of BHX Limited Partnership is property holding and investment.

Birmingham Airport Holdings Limited is the parent undertaking of Birmingham Airport Operations Limited and Birmingham Airport Pension Trustees Limited.

Birmingham Airport Limited, Euro-hub (Birmingham) Limited and Birmingham Airport (Finance) plc are direct subsidiaries of Birmingham Airport Operations Limited. Birmingham Airport Limited is the parent undertaking of Birmingham Airport Developments Limited, BHX Fire and Rescue Limited, Birmingham Airport Air Traffic Limited, Birmingham Airport Services Limited, First Castle Developments Limited, BHX (Scotland) Limited and BHX Limited Partnership.

The Company, in its role as parent company to the Group, has provided a statutory guarantee to certain subsidiaries for all outstanding liabilities at 31 March 2024. This enables them to take the audit exemption from obtaining a signed statutory audit opinion under section 479A of the Companies Act 2006. For the year ending 31 March 2024 the following subsidiaries were provided with a statutory guarantee:

BHX Fire and Rescue Limited (Reg no: 05997636)
Birmingham Airport Developments Limited (Reg no: 02295119)
Birmingham Airport Operations Limited (Reg no: 09915844)
First Castle Developments Limited (Reg no: 02783202)
Birmingham Airport Services Limited (Reg no: 08203043)
Euro-hub (Birmingham) Limited (Reg no: 02403252)
Birmingham Airport Air Traffic Limited (Reg no: 08201487)

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

17 Inventories

	Group		Company	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Stocks	1,117	1,397	-	-

There is no provision provided for the impairment of stock in the year (2023: £nil).

There is no material difference between replacement cost of inventory and its carrying amount (2023: £nil).

18 Debtors

	Group		Company	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Trade debtors	8,804	5,780	-	-
Amounts owed by group undertakings	-	-	122,997	122,997
Corporation tax	3,089	752	5,334	2,893
Other debtors	117	112	-	-
Finance lease receivables	8	15	-	-
Deferred tax assets	-	-	332	2,936
Prepayments and accrued income	19,456	15,943	55	34
	<u>31,474</u>	<u>22,602</u>	<u>128,718</u>	<u>128,860</u>

Trade debtors are stated after provisions for impairment of £0.977 million (2023: £0.936 million).

The amounts owed by group undertakings are unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. The interest receivable on intercompany loans is based on the blended third party interest payable plus 0.5 per cent.

The Company has deferred tax assets of £0.332 million in the current year relating to non trading timing differences (2023 £2.936 million).

19 Cash at bank and in hand

	Group		Company	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Cash on hand	5	5	-	-
Cash at bank	33,827	65,856	11	255
	<u>33,832</u>	<u>65,861</u>	<u>11</u>	<u>255</u>

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

20 Creditors

	Group		Company	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Amounts falling due within one year				
Loans and borrowings	-	30,000	-	-
Trade creditors	8,395	6,667	-	-
Amounts owed to group undertakings	-	-	200,831	194,564
Other taxation and social security	228	1,072	6	24
Accruals and deferred income	56,739	51,156	8,280	6,626
	<u>65,362</u>	<u>88,895</u>	<u>209,117</u>	<u>201,214</u>
Amounts falling due after more than one year				
Loans and borrowings	344,558	344,470	-	-
Preference shares (note 26)	15,384	15,384	15,384	15,384
Accruals and deferred income	1,840	2,101	-	-
	<u>361,782</u>	<u>361,955</u>	<u>15,384</u>	<u>15,384</u>

The amounts owed to group undertakings are unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. The interest payable on intercompany loans is based on the blended third party interest payable plus 0.5 per cent.

21 Loans and borrowings

	Group		Company	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Current loans and borrowings				
Loans and borrowings	-	30,000	-	-
Non-current Loans and borrowings				
Loans and borrowings	339,826	339,738	-	-
Net premium arising on lease and leaseback	4,732	4,732	-	-
Preference shares (note 26)	15,384	15,384	15,384	15,384
	<u>359,942</u>	<u>359,854</u>	<u>15,384</u>	<u>15,384</u>

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

21 Loans and borrowings (continued)

Within loans and borrowings, the £30 million private placement senior notes A were repaid in December 2023. The other non-current loans and borrowings are payable in full after five years. Loans and borrowings are shown net of £1.174 million transaction costs (2023: £1.262 million). All loans are repayable in full at the end of the loan term. See note 23 for further information.

All loans and borrowing are unsecured.

22 Finance lease obligations

Group

The total of future minimum lease payments is as follows:

	2024	2023
	£ 000	£ 000
Not later than one year	1,124	1,081
Later than one year and not later than five years	4,497	4,324
Later than five years	<u>130,412</u>	<u>131,208</u>
Total gross payments	136,033	136,613
Less: finance charges	<u>(131,301)</u>	<u>(131,881)</u>
Carrying amount of liability	<u><u>4,732</u></u>	<u><u>4,732</u></u>

The above lease is repayable after more than five years and includes contingent rent clauses, see note 32 for further information.

23 Financial instruments

Group

The Group's principal financial instruments comprise private placement senior notes and bank loan. The main purpose of these financial instruments is to raise and provide finance for the parent's and its subsidiaries operations. The Group does not enter into any form of derivative financial instruments.

Funding

The Group's funding is provided by its £45 million 4.557 per cent Series B senior notes private placement maturing on 3 December 2028, £76 million 3.8 per cent senior notes private placement maturing on 30 March 2041, £90 million 3.21 per cent 2019 senior notes maturing on 24 January 2049, £85 million 2.44 per cent senior notes 2020 Series A private placement maturing on 24 January 2050, £45 million 2.49 per cent senior notes 2020 Series B private placement notes maturing on 21 May 2050, £25 million bank facility and £33.8 million cash reserves. The £30 million 4.472 per cent Series A senior notes private placement were repaid in December 2023

Interest Rate Risk

The interest rates on both the Series B senior notes are fixed at 4.557 per cent. The interest rate on the £76 million senior notes is fixed at 3.8 per cent. The interest rate on the £90 million 2019 senior notes is fixed at 3.21 per cent. The interest rate on the £85 million 2020 senior notes Series A is fixed at 2.44 per cent. The interest rate on the £45 million 2020 senior notes Series B is fixed at 2.49 per cent. The interest rate on the loan facility is 0.7 per cent above the bank borrowing rate.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

23 Financial instruments (continued)

The Group's financial instruments are all categorised as basic financial instruments under section 11 of FRS 102. The Group has chosen not to measure the basic financial instruments at fair value through the Income Statement, therefore no further disclosures are required.

Fixed rate financial liabilities	2024 Years remaining	2023 Years remaining
Sterling: Private placement senior notes series A	-	1
Sterling: Private placement senior notes series B	5	6
Sterling: Private placement senior notes	17	18
Sterling: Private placement senior notes 2019	25	26
Sterling: Private placement senior notes 2020 series A	26	27
Sterling: Private placement senior notes 2020 series B	<u>27</u>	<u>28</u>

24 Provisions for liabilities

Group	Deferred taxation £ 000	Other provisions £ 000	Total £ 000
At 1 April 2023	38,412	23	38,435
Increase in existing provisions	9,868	(23)	9,845
Additions through statement of comprehensive income	<u>(1,269)</u>	<u>-</u>	<u>(1,269)</u>
At 31 March 2024	<u>47,011</u>	<u>-</u>	<u>47,011</u>

The group is fully committed to a positive environmental policy including the provision of a defined noise insulation scheme, financial penalties to support night flying restrictions and payments under the Land Compensation Act 1973 (LCA). Provisions are made in line with foreseen liabilities, with the balance of a previously held provision released in the year (2023: £0.270 million paid). This covers the costs of any legal, property and administration expertise to process and defend any claims, as well as any actual liabilities that may be due. With regards to the noise insulation scheme, the future liability for the next twelve months is estimated at £0.200 million (2023: £0.200 million) and will be charged in the year to which it relates. There are no other provisions in the Company (2023: none).

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

24 Provisions for liabilities (*continued*)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
2024		
Capital allowances in advance of depreciation	-	(13,733)
Other timing differences	1,785	-
Post employment benefits	3,420	-
Revaluation of land, buildings and infrastructure	-	(45,965)
Revaluation of investment property	-	(1,287)
Tax losses	8,678	-
Non trading timing differences	-	(14)
UK Property losses	105	-
	<u>13,988</u>	<u>(60,999)</u>
	Asset £ 000	Liability £ 000
2023		
Capital allowances in advance of depreciation	-	(11,285)
Other timing differences	1,461	-
Post employment benefits	3,200	-
Revaluation of land, buildings and infrastructure	-	(47,850)
Revaluation of investment property	-	(1,363)
Tax losses	14,399	-
Non trading timing differences	2,921	-
UK Property losses	105	-
	<u>22,086</u>	<u>(60,498)</u>

The value of deferred tax liabilities expected to reverse in the next year is £9.079 million (2023: £7.272 million).

25 Post employment benefits

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £2.006 million (2023: £1.559 million).

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

25 Post employment benefits (continued)

Defined benefit pension schemes

Birmingham Airport Limited Pension Scheme

A subsidiary undertaking operates a defined benefit pension arrangement called the Birmingham Airport Limited Pension Scheme (the scheme). The scheme provides benefits on a defined benefit basis. The following disclosures relate only to the scheme and to unfunded benefits supported by the Company.

The most recent full actuarial valuation was carried out with an effective date of 31 October 2021 using the projected unit method. During 2023/24 members pay 5.5 per cent of pensionable earnings, and the Group pays contributions so that overall contributions of 25.0 per cent of pensionable earnings are paid, taking account of salary sacrifice adjustments. Scheme expenses, other than life insurance premiums, are payable by the Group.

On 28 March 2013, Birmingham Airport Limited agreed an asset backed funding arrangement with the trustees of the pension scheme to help address the pension funding deficit. In connection with the arrangement, property with a fair value of £33.3 million was leased and subsequently leased back to a limited partnership established by the Group. The partnership is controlled by the Group. On 28 March 2013, Birmingham Airport Limited made a special contribution to the pension scheme of £25.3 million and on the same day the pension scheme used this contribution to acquire an interest in the partnership for its fair value of £25.3 million. The interest entitles the pension scheme to a distribution from the income of the partnership of £2 million per annum, increasing by 4 per cent per annum for fifteen years, with distribution payments made quarterly.

Principal actuarial assumptions

The principal actuarial assumptions at the Statement of Financial Position date are as follows:

	2024	2023
	%	%
Discount rate	4.90	4.80
Future salary increases	3.35	3.30
Future pension increases (RPI)	3.30	3.35
Future pension increases (CPI)	2.60	2.55

Post retirement mortality assumptions

	2024	2023
	Years	Years
Current UK pensioners at retirement age - male	21.00	22.00
Current UK pensioners at retirement age - female	24.00	25.00
Future UK pensioners at retirement age - male	23.00	23.00
Future UK pensioners at retirement age - female	26.00	26.00

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

25 Post employment benefits (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2024	2023
	£ 000	£ 000
Fair value of scheme assets	132,433	133,767
Present value of defined benefit obligation	<u>(146,111)</u>	<u>(146,567)</u>
Defined benefit pension scheme deficit	<u>(13,678)</u>	<u>(12,800)</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2024	2023
	£ 000	£ 000
Present value at start of year	(146,567)	(215,393)
Current service cost	(668)	(1,097)
Interest cost	(6,888)	(5,527)
Actuarial gains	1,789	69,794
Benefits paid	6,261	5,694
Contributions by scheme participants	<u>(38)</u>	<u>(38)</u>
Present value at end of year	<u>(146,111)</u>	<u>(146,567)</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2024	2023
	£ 000	£ 000
Fair value at start of year	133,767	193,570
Interest income	6,400	5,043
Actuarial (losses)/gains	(6,863)	(65,639)
Employer contributions	5,352	6,449
Contributions by scheme participants	38	38
Benefits paid	<u>(6,261)</u>	<u>(5,694)</u>
Fair value at end of year	<u>132,433</u>	<u>133,767</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2024	2023
	£ 000	£ 000
Cash and cash equivalents	805	893
Diversified growth funds	<u>131,628</u>	<u>132,874</u>
	<u>132,433</u>	<u>133,767</u>

Diversified growth funds are predominately made up of equity and debt instruments.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

25 Post employment benefits (continued)

Return on scheme assets

	2024 £ 000	2023 £ 000
Return on scheme assets	<u>(463)</u>	<u>(60,596)</u>

The pension scheme has not invested in any of the Company's own financial instruments.

Total cost recognised as an expense totalled £0.668 million (2023: £1.097 million) for current service cost and £0.488 million (2023: £0.484 million) for interest cost. Included in the service cost is £0.107 million (2023: £0.100 million) relating to salary sacrificed.

26 Called up share capital

Allotted, called up and fully paid shares

	No. 000	2024 £ 000	No. 000	2023 £ 000
A Ordinary shares of £0.01 each	315,083	3,150.83	315,083	3,150.83
B Ordinary shares of £0.01 each	8,910	89.10	8,910	89.10
C Ordinary shares of £0.01 each	1	0.01	1	0.01
1 special (non participating) voting share of £1 each	-	-	-	-
	<u>323,994</u>	<u>3,240</u>	<u>323,994</u>	<u>3,240</u>

The 'B' ordinary shares carry the same rights as the 'A' ordinary shares except they have no voting rights. The 'C' ordinary shares only have voting rights relating to the appointment or removal of Directors. They are not entitled to participate in any dividend or any other distribution of income declared, made or paid by the Company, but have full distribution rights on winding up. The preference shares are classified as liabilities in the balance sheet (note 20). The 6.31% cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 6.31% per annum, payable half yearly in arrears on 31 December and 30 June. On a winding up of the Company preference shareholders have a right to receive, in preference to payments to ordinary shareholders, 1p per share plus any outstanding dividend payable. The preference shares carry no voting rights. The holder of the special voting share is not entitled to participate in any dividend or any other distribution of income declared, made or paid by the Company. On winding up, the holder of the special voting share has a right to receive the nominal value following payments to preference and ordinary shareholders.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

27 Reserves

The merger reserve was created in 1997 when Birmingham Airport Holdings Limited acquired its interest in Birmingham Airport Limited and Euro-hub (Birmingham) Limited. The revaluation reserve was created in March 2016 when land, buildings and infrastructure assets were revalued and these assets were revalued again in March 2019. Certain operational assets whose fair value is based on income were revalued in March 2020. The assets were revalued in March 2023 with details included in note 14. The revaluation reserve transfer relating to the additional depreciation incurred in the income statement as a result of this revaluation was £4.750 million (2023: £0.689 million).

ESOP Shares

Birmingham Airport Holdings Limited is the sponsoring Company of an ESOP Trust. 'B' ordinary shares to the value of £2.750 million were issued on 26 March 1997 by Birmingham Airport Holdings Limited.

The financial statements of the Trust are fully consolidated in the Company's financial statements because the Company is deemed to have a de facto control until such time as the shares held by the Trust vest unconditionally with the employees. A scheme has been agreed with HMRC under the All Employee Share Ownership Plan (AESOP) legislation with the first shares being bought by and gifted to employees in September 2001. The Trust bears its own expenses and has waived its right to the payment of dividends.

	Own Shares Number	Own Shares £ 000
Investment at 1 April 2023	4,806,566	3,454
Shares purchased from employees	<u>108,722</u>	<u>125</u>
Investment at 31 March 2024	<u><u>4,915,288</u></u>	<u><u>3,579</u></u>

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

28 Note to the cash flow statement

	2024 £ 000	2023 £ 000
Cash flows from operating activities		
Profit for the financial year	33,512	21,715
Adjustments to cash flows from non-cash items		
Depreciation and other grant release	31,126	26,817
Changes in fair value of investment property	(220)	(1,119)
Loss on disposal of tangible assets	63	-
Finance income	(2,285)	(623)
Finance costs	13,976	15,035
Income tax charge	14,919	8,458
	<u>91,091</u>	<u>70,283</u>
Working capital adjustments		
Decrease/(increase) in inventories	280	(190)
Increase in trade and other receivables	(6,217)	(3,526)
Increase in trade and other payables	2,619	7,858
Decrease in retirement benefit obligation net of actuarial changes	(4,684)	(5,352)
Decrease in provisions	(23)	(600)
	<u>83,066</u>	<u>68,473</u>
Cash generated from operations	<u>83,066</u>	<u>68,473</u>

29 Reconciliation of changes in net debt

	At 1 April 2023 £ 000	Cash flow £ 000	Non-cash changes £ 000	At 31 March 2024 £ 000
Cash and cash equivalent	65,861	(32,029)	-	33,832
Private placement notes	(369,738)	30,000	(88)	(339,826)
Finance lease	(4,732)	-	-	(4,732)
Preference shares	(15,384)	-	-	(15,384)
Total investment	<u>(323,993)</u>	<u>(2,029)</u>	<u>(88)</u>	<u>(326,110)</u>

30 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £4.269 million (2023: £10.408 million).

Birmingham Airport Holdings Limited**Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)****30 Commitments (continued)****Operating leases**

The total of future minimum lease payments is as follows:

	2024	2023
	£ 000	£ 000
Not later than one year	226	66
Later than one year and not later than five years	350	82
	<u>576</u>	<u>148</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £0.081 million (2023: £0.073 million).

Operating lease arrangements where the group is lessor

The future minimum rentals receivable under non-cancelling operating leases are as follows:

	2024	2023
	£ 000	£ 000
Not later than one year	1,437	1,312
Later than one year and not later than five years	5,858	5,086
Later than five years	44,906	39,228
	<u>52,201</u>	<u>45,626</u>

These non-cancellable leases have remaining terms of between five and eighty seven years. All leases include a provision for upward rent reviews in accordance with specific lease terms at prevailing market conditions.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (*continued*)

31 Contingent liabilities

Group

On 3 December 2013 the Company along with other Group members of Birmingham Airport Holdings Limited, provided guarantees in support of £75 million private placement senior notes issued by Birmingham Airport (Finance) plc. Series A senior notes of £30 million were for a period of ten years maturing on 3 December 2023 and carry a fixed interest rate of 4.472 per cent per annum, these were repaid on 1 December 2023. Series B senior notes of £45 million are for a period of fifteen years maturing on 3 December 2028 and carry a fixed interest rate of 4.557 per cent per annum.

On 30 March 2016 the Company along with other Group members of Birmingham Airport Holdings Limited, provided guarantees in support of £76 million private placement senior notes issued by Birmingham Airport (Finance) plc. The notes are for a period of twenty five years maturing on 30 March 2041 and carry a fixed interest rate of 3.8 per cent per annum.

On 24 January 2019, the Company, along with other Group members of Birmingham Airport Holdings Limited, provided guarantees in support of £90 million private placement senior notes issued by Birmingham Airport (Finance) plc on 24 January 2019. The senior notes are for a period of 30 years maturing 24 January 2049 and carry a fixed interest rate of 3.21 per cent per annum.

On 23 January 2020, the Company, along with other Group members of Birmingham Airport Holdings Limited, provided guarantees in support of £85 million private placement senior notes issued by Birmingham Airport (Finance) plc on 24 January 2020. The senior notes are for a period of 30 years maturing 24 January 2050 and carry a fixed interest rate of 2.44 per cent per annum.

On 21 May 2020, the Company, along with other Group members of Birmingham Airport Holdings Limited, provided guarantees in support of £45 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 21 May 2020. The senior notes are for a period of 30 years maturing 21 May 2050 and carry a fixed interest rate of 2.49 per cent per annum.

Company

The Company, in its role as parent company to the Group, has provided a statutory guarantee to certain subsidiaries for all outstanding liabilities as 31 March 2024. The details of the statutory guarantees are included in note 16.

Birmingham Airport Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2024 (continued)

32 Related party transactions

West Midlands District Councils

Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Metropolitan Borough Council and Wolverhampton City Council ("The Districts") are shareholders.

In 1995 Birmingham Airport Limited entered into an arms length lease arrangement with Solihull Metropolitan Borough Council on behalf of The Districts, all of which were shareholders in the Airport at that time. Under such arrangements, the Airport granted a 999 year lease over land and buildings situated at Birmingham Airport in exchange for a total fair value premium of £100 million and a peppercorn rent. At the same time the shareholders granted Birmingham Airport Limited a 150 year lease over the same property for a total fair value premium of £96.5 million. The net premium arising as adjusted for associated stamp duty and legal costs has been treated as a finance lease in the financial statements of the Group and is disclosed in Note 21. Under the lease arrangement, the Company pays a basic rent of £0.6 million per annum from 1 April 2007 subsequently index linked each year for the remaining lease period. In addition, a turnover based rent is payable calculated as 0.4% of turnover less the basic rent in the period. The total amount payable in the year was £1.078 million (2023: £0.950 million). The amount at the end of the year was £4.732 million (2023: £4.732 million), all of which is due after more than one year.

In February 2002 the group completed a 150 year lease agreement with Birmingham City Council for land adjacent to the Airport site. A lease premium of £0.2 million was paid with a peppercorn rent for the remaining lease term along with costs of £0.002 million. The lease payments have been treated as a finance lease in the financial statements of the Group. The amount due at the end of the year was £nil.

Solihull Metropolitan Borough Council

Solihull Metropolitan Borough Council is the local authority for the Airport and transacts with the Group in a number of areas including business rates, planning applications and building control services. All of these transactions are carried out on an arms length basis at a full commercial rate. The business rates payable for 2023/24 were £3.616 million (2023: £5.700 million).

33 Parent and ultimate parent undertaking

Birmingham Airport Holdings Limited is owned by the Districts (see note 32), who hold 49 per cent of the ordinary shares, Airport Group Investments Limited, who hold 48.25 per cent of the ordinary shares and the Employee Share Ownership Plan who hold 2.75 per cent of the shares. No party or group of parties have ultimate control of the Group.