

REGISTERED NUMBER: 10912604 (England and Wales)

**Annual report and financial statements
for the period 11 August 2017 to 31 December 2018
for
UK Airports Midco Limited**



UK Airports Midco Limited

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for the period 11 August 2017 to 31 December 2018**

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UK Airports Midco Limited

**Company Information
for the period 11 August 2017 - 31 December 2018**

DIRECTORS

Olivia Penelope Steedman
Charles Thomazi

COMPANY SECRETARY

Intertrust (UK) Limited

REGISTERED OFFICE

Intertrust (UK) Limited
35 Great St Helen's
London
EC3A 6AP
United Kingdom

REGISTERED NUMBER:

10912604 (England and Wales)

SOLICITORS

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y 1HS
United Kingdom

INDEPENDENT AUDITOR

Deloitte LLP
3 Rivergate
Bristol
BS1 6GD
United Kingdom

UK Airports Midco Limited

Strategic Report

For the period 11 August 2017 - 31 December 2018

The Directors present their Strategic report for the period 11 August 2017 to 31 December 2018.

Review of the business

The principal activity of the company is that of a holding company.

The results for the year are shown on page 11. The company was incorporated on 11 August 2017. The profit after tax for the period 11 August 2017 to 31 December 2018 was £12,102,034.

Interim dividends have been paid in the year for a total of £15,989,597. However, no final dividend is proposed.

Key performance indicators

The company's primary role is as an intermediate holding company and as such it has no material trading activities and therefore there are no key performance indicators.

Principal risks and uncertainties

As a holding company, the principal risks and uncertainties affecting the company are associated with the financial performance of the trading of the portfolio companies and are detailed in the statutory financial statements of Bristol Airport (UK) No.3 Limited and Birmingham Airport Holdings Limited.

The company has limited exposure to credit risk. Liquidity risk is managed through the tight monitoring of cash flows. The company has limited exposure to interest rate risk, having fixed-rate debt outstanding.

In developing its strategy and plans, the company takes full account of the need to minimise the impact of the risks associated with its business.

Future developments

The company is expected to generate income in the future through its fixed asset investments. The primary purpose of the company will remain as a holding company.

Approved by the Board and signed on its behalf by:



Charles Thomazi

Director

10 May 2019

35 Great St Helen's, London, EC3A 6AP

UK Airports Midco Limited

Directors' Report

For the period 11 August 2017 - 31 December 2018

The directors present their report with the financial statements of the Company for the initial reporting period 11 August 2017 - 31 December 2018.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

PRINCIPAL ACTIVITIES

The Company's principal activity is to hold investments. The directors do not expect any significant change to the Company's activities to occur in the forthcoming financial year.

FINANCIAL MATTERS

The profit of the Company for the period 11 August 2017 - 31 December 2018 and the state of the Company's affairs as at that date are set out in the Company's financial statements on pages 11 to 25.

INCORPORATION

The company was incorporated on 11 August 2017. The Company's initial and current financial year comprised the period from 11 August 2017 to 31 December 2018.

GOING CONCERN

The Company business activities, together with the factors likely to affect its future development, performance and position is set out on pages 11 to 25 of the financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISK MANAGEMENT

Details of the financial risk are included in the Strategic report.

DIVIDENDS

In March 2018, the directors paid an A Share Dividend of £7,290,121 in respect of the period 11 August 2017 - 31 March 2018. In June 2018, the directors paid a further A Share Dividend of £8,699,476 in respect of the period 1 April 2018 - 31 December 2018. No further dividend is proposed for the reporting period.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and up to the date of signing the financial statements, unless otherwise stated, were:

Olivia Penelope Steedman (appointed 11 August 2017)

Charles Thomazi (appointed 11 August 2017)

Andrew James Claerhout (appointed 11 August 2017 and resigned on 14 February 2018)

The directors do not have any interests in the share capital of the Company.

THIRD PARTY INDEMNITIES

Qualifying third party indemnity provisions for the benefit of the directors were in force during the period under review and remain in force as at the date of approval of the annual reports and financial statements.

UK Airports Midco Limited

Directors' Report

For the period 11 August 2017 - 31 December 2018

EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

DOMICILE AND LEGAL FORM

The company is limited by shares and registered in England and Wales. The Company is a UK tax resident.

DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable laws and regulations.

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

- select suitable accounting policies and then apply them consistently;
- 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 company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

UK Airports Midco Limited

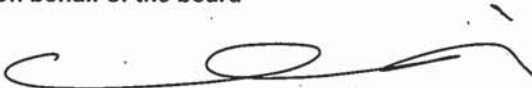
Directors' Report

For the period 11 August 2017 - 31 December 2018

AUDITOR

Deloitte LLP were appointed during the financial period and have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Charles Thomazi', with a stylized flourish at the end.

Charles Thomazi
Director

10 May 2019

UK Airports Midco Limited

Independent auditor's report to the members of UK Airports Midco Limited For the period 11 August 2017 - 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of UK Airports Midco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current period were: Valuation of unlisted investment
Materiality	The materiality that we used in the current period was £12.6m (which was determined on the basis of 2% of total equity).
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

UK Airports Midco Limited

Independent auditor's report to the members of UK Airports Midco Limited (Continued) For the period 11 August 2017 - 31 December 2018

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unlisted investments

Key audit matter description



The company has unlisted investments of £638.9m, valued at cost less provision for impairment. The investments represent its holding in Bristol Airport UK No. 3 Limited and Airport Group Investments Limited.

Judgement is required by the directors as to whether the investments should be impaired based on the financial position and future prospects of Bristol Airport Limited and Birmingham Airport Limited. This takes into consideration a range of factors such as the expected trading performance, including revenue, profitability and cash flow growth.

Further details are included within the principal accounting policies, note 2 and note 9, investments, to the financial statements.

How the scope of our audit responded to the key audit matter

We obtained the most recent audited financial information of the related investments to determine whether they supported the carrying value.

We critically evaluated management's assessment of whether indicators of impairment exist.

Key observations

Based on the work performed we concluded that the valuation of unlisted investments is appropriate.

UK Airports Midco Limited

Independent auditor's report to the members of UK Airports Midco Limited (Continued) For the period 11 August 2017 - 31 December 2018

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£12.6m
Basis for determining materiality	2% of total equity
Rationale for the benchmark applied	UK Airports Midco Limited is considered a holding entity and its purpose is to hold shares in investments. Further, this entity does not trade. Therefore, it is appropriate to use the above as a benchmark for materiality purposes.

We agreed with the directors that we would report to directors all audit differences in excess of £630,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

UK Airports Midco Limited

Independent auditor's report to the members of UK Airports Midco Ltd (Continued) For the period 11 August 2017 - 31 December 2018

Other information

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

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

UK Airports Midco Limited

Independent auditor's report to the members of UK Airports Midco Ltd (Continued)
For the period 11 August 2017 - 31 December 2018

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sonya Butters (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
10 May 2019

UK Airports Midco Limited

Income Statement

For the period 11 August 2017 - 31 December 2018

	Note	Period 11.08.17 to 31.12.2018 £
Dividend income	4	11,513,554
TOTAL INCOME		11,513,554
Administrative expenses		(84,203)
OPERATING PROFIT	5	11,429,351
Interest receivable and similar income	6	47,081,277
Interest payable and similar charges	7	(46,408,594)
PROFIT BEFORE TAXATION		12,102,034
Tax on profit	8	-
PROFIT FOR THE FINANCIAL PERIOD		12,102,034

All amounts relate to continuing operations. There are no other comprehensive expenses or income other than as included in the profit for the period and therefore a separate statement of comprehensive income is not presented.

UK Airports Midco Limited

**Statement of Financial Position
As at 31 December 2018**

		2018 £
	Note	
FIXED ASSETS		
Investments	10	<u>638,927,112</u>
CURRENT ASSETS		
Debtors	11 & 12	438,015,308
Cash and cash equivalents	13	<u>241,444</u>
		438,256,752
Creditors: Amounts falling due within one year	15	<u>(71,326)</u>
NET CURRENT ASSETS		<u>438,185,426</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,077,112,538</u>
Creditors: Amounts falling due after more than one year	14	<u>(444,045,491)</u>
NET ASSETS		<u>633,067,047</u>
CAPITAL AND RESERVES		
Called-up share capital	16	201
Retained earnings		<u>633,066,846</u>
TOTAL EQUITY		<u>633,067,047</u>

The notes on pages 15 to 25 are an integral part of these financial statements.

The financial statements on pages 11 to 25 were approved and authorised for issue by the board of directors on 10 May 2019 and signed on behalf of the board by



Charles Thomazi
Director

Registered number: 10912604

UK Airports Midco Limited

**Statement of Changes in Equity
For the period 11 August 2017 - 31 December 2018**

	Note	Called-up share capital £	Share premium £	Retained earnings £	Total shareholders' funds £
Incorporation on 11 August 2017		<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Issue of share capital	15	199	636,954,409	-	636,954,608
Capital reduction		-	(636,954,409)	636,954,409	-
Dividends	16	-	-	(15,989,597)	(15,989,597)
Profit for the financial period		-	-	12,102,034	12,102,034
Balance at 31 December 2018		<u>201</u>	<u>-</u>	<u>633,066,846</u>	<u>633,067,047</u>

UK Airports Midco Limited

Statement of Cash Flows

For the period 11 August 2017 - 31 December 2018

		Period 11.08.17 to 31.12.18
	Note	£
Cash flows from operating activities		
Net profit before taxation		12,102,034
Adjustment for		
Net interest income	6 & 7	(672,683)
Operating profit		11,429,351
Working capital movements		
Increase in trade and other payables	13 & 14	71,326
Net cash generated from operating activities		11,500,677
Cash flows from financing activities		
Dividends paid		(15,989,597)
Interest paid		(46,408,594)
Interest received		51,138,958
Net cash generated from financing activities		(11,259,233)
Increase in cash and cash equivalents		241,444
Cash and cash equivalents at beginning of financial period		-
Cash and cash equivalents at the end of the financial period		241,444

Equity issued, purchase of investments and assignment of related loans were non cash movements in the period.

UK Airports Midco Limited

Notes to the Financial Statements

For the period 11 August 2017 - 31 December 2018

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the initial reporting period 11 August 2017 to 31 December 2018.

a. General information and basis of accounting

UK Airports Midco Limited (the "Company") is a private company limited by shares, incorporated on 11 August 2017, domiciled and registered in the UK. The registered number is 10912604 and the registered address is 35 Great St Helen's, London, United Kingdom, EC3A 6AP.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

These individual and separate financial statements have been prepared in accordance with the exemption to prepare group accounts per s402 of the Companies Act 2006. The Companies' subsidiary undertakings are held as part of an investment portfolio and are exempt from consolidation under 9.9C of FRS102 and s405 of the Companies Act 2006. The Company has adopted a policy to account for its subsidiaries at cost less impairment, in accordance with 9.26 of FRS102.

b. Going concern

The financial statements have been prepared on a going concern basis because there are no material uncertainties related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern.

c. Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date. Current tax losses suffered are relieved against the taxable profits of the Company pursuant to a Group Relief agreement. The four entities that form part of the 75% loss group are UK Airports Topco Limited, UK Airports Midco Limited, Airport Group Investments Limited and Bristol Airport (UK) No.3 Limited.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

d. Foreign currencies

The financial statements are prepared in UK Sterling ("£") and accordingly foreign currency transactions are translated at the spot rate of exchange on the day the transaction occurs.

Monetary assets and liabilities denominated in currencies other than £ are translated into £ at exchange rates prevailing at the end of the reporting period. Non-monetary assets and liabilities are stated at cost based on the exchange rate prevailing at the transaction date. All exchange differences are included in the Income statement.

e. 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.

ACCOUNTING POLICIES (continued)

f. Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

g. Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

ACCOUNTING POLICIES (continued)

i. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which met the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being "basic" financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

j. Trade and other payables

Trade payables 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 payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Notes to the Financial Statements (continued)
For the period 11 August 2017 - 31 December 2018

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

It is the view of the directors that there are no critical judgements in applying the Company's accounting policies.

Key sources of estimation uncertainty
Valuation of investments

The carrying value of investments in subsidiaries is reviewed for impairment based on the financial position and the expected future performance. This requires estimation of the future cash flows from the investment and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

3 DIRECTORS' REMUNERATION

The Company has no employees and services required are contracted from third parties. No amounts of remuneration were paid out to Directors who remained in, or resigned from office during the period in respect of qualifying services rendered during the period.

4 DIVIDEND INCOME

Dividend income arises entirely in the United Kingdom and is attributable to the investments that the Company owns. The Company earned dividend income of £11,513,554 for the period 11 August 2017 - 31 December 2018.

5 OPERATING PROFIT

Operating profit is stated after charging (inclusive of VAT):

	Period 11.08.17 to 31.12.18 £
Professional fees	(21,277)
Auditor's remuneration - Audit of these financial statements	(62,400)
Bank charges	(526)
	<u>(84,203)</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

During the year, the Company earned the following financing income:

	Period 11.08.17 to 31.12.18 £
12% Interest Bearing Unsecured PIK Loan Stock 2020 - Airport Group Investments Limited	8,079,649
10% Interest Bearing Unsecured Loan notes - South West Airports Limited A Notes	8,219,323
10% Interest Bearing Unsecured Loan notes - South West Airports Limited Tranche A Notes	8,304,109
12% Interest Bearing Unsecured Loan notes - South West Airports Limited Tranche B Notes	12,740,877
10% Interest Bearing Unsecured Loan notes - Bristol Airport (UK) No.3 Limited	9,737,319
	<u>47,081,277</u>

UK Airports Midco Limited

Notes to the Financial Statements (continued)
For the period 11 August 2017 - 31 December 2018

7 INTEREST PAYABLE AND SIMILAR CHARGES

During the period, the Company incurred the following financing charges:

	Period 11.08.17 to 31.12.18 £
8.81% Eurobond	(46,408,594)

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period 11.08.17 to 31.12.18 £
Current tax	
Corporation tax on profits for the period	111,811
Group relief	(111,811)
Total current tax	-

The charge for the year can be reconciled to the profit per the income statement as follows:

Profit for the period	12,102,034
Tax on profit at standard UK tax rate of 19%	2,299,386
Effects of:	
Income not taxable	(2,187,575)
Tax charge for the period prior to Group relief received	111,811
Group relief received	(111,811)
Income tax expense reported in the income statement	-

The Company received consortium group relief for the amount of £111,811 from UK Airports Topco Limited, a controlled entity of the company's ultimate parent Ontario Teachers' Pension Plan Board. The Company received the respective losses from UK Airports Topco Limited pursuant to a Group relief agreement. The receipts of these amounts will only be recognised on confirmation of that profit capacity.

The UK Corporation Tax rate changed to 19% from 1 April 2017 (it was 20% since April 2015). In the Budget on 16 March 2016, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. These rates have since been substantively enacted and the unrecognized deferred tax asset has been measured at the substantively enacted rates.

UK Airports Midco Limited

Notes to the Financial Statements (continued) For the period 11 August 2017 - 31 December 2018

9 INVESTMENTS

Company - Subsidiary undertakings (unlisted)	2018
	£
Cost and net book value	
At 11 August 2017	-
Additions	638,927,112
At 31 December 2018	638,927,112

The directors believe that the carrying value of the investments is supported by the underlying cash flows expected to be realised.

Subsidiary undertakings

The subsidiary undertakings of UK Airports Midco Limited are detailed below. All of the companies are incorporated in Great Britain.

Company	Holding	Percentage of shares held
Airport Group Investments Limited	A Ordinary Shares	100%
	A Preference Shares	100%
	B Ordinary Shares	30%
Bristol Airport (UK) No.3 Limited	Ordinary Shares	100%
	A Ordinary Shares	30%
South West Airports Limited ("SWAL")	Ordinary Shares	100%
Bristol Airport Limited	Ordinary Shares	100%
Bristol City Airport Limited	Ordinary Shares	100%
Bristol Airport Developments Limited	Ordinary Shares	100%
Bristol Airport Community Fund CIC	Guarantee	100%
Birmingham Airport Holdings Limited	A Ordinary Shares	49.61%
	C Ordinary Shares	30%

The following entities are wholly owned subsidiaries of Birmingham Airport Holdings Limited

Birmingham Airport Operations Limited
Birmingham Airport Limited
Birmingham Airport (Finance) plc
First Castle Developments Limited
BHX Fire and Rescue Limited
Birmingham Airport Air Traffic Limited
Birmingham Airport Services Limited
Birmingham Airport Developments Limited
BHX (Scotland) Limited
BHX Limited Partnership
Euro-hub (Birmingham) Limited

The principal activity of Airport Group Investments Limited is that of a holding company.

The principal activity of Bristol Airport (UK) No.3 Limited is that of a holding company.

UK Airports Midco Limited

Notes to the Financial Statements (Continued) For the period 11 August 2017 - 31 December 2018

9 INVESTMENTS (continued)

The principal activity of South West Airports Limited ("SWAL") is that of a holding company.

The principal activity of Bristol Airport Limited is the ownership, operation and management of Bristol Airport.

Bristol City Airport Limited is dormant.

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

The principal activity of Bristol Airport Community Fund CIC is activities that benefit the communities surrounding Bristol Airport.

The principal activity of Birmingham Airport Holdings Limited is that of a holding company.

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 & 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 & 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 BHX (Scotland) Limited is property holding & investment.

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

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

Airport Group Investments Limited. Airport Group Investments Limited owns 49.61% of the A Ordinary share capital and 30% of the C Ordinary share capital of Birmingham Airport Holdings Limited.

Bristol Airport (UK) No.3 Limited owns 100% of the Ordinary share capital of South West Airports Limited.

South West Airports Limited owns 100% of the share capital of Bristol Airport Limited. Bristol Airport Limited owns 100% of the share capital of Bristol City Airport Limited, Bristol Airport Developments Limited and Bristol Community Fund CIC.

The registered address for both UK Airports Midco Limited and Airport Group Investments Limited is 35 Great St Helen's, London, EC3A 6AP.

The registered address for all subsidiaries indirectly owned from Bristol Airport (UK) No.3 Limited is Bristol Airport, Bristol, BS48 3DY.

Birmingham Airport Holdings Limited is the parent undertaking of Birmingham Airport Operations Limited. The registered address for Birmingham Airport Holdings Limited is Diamond House, Birmingham Airport, Birmingham, West Midlands, B26 3QJ.

UK Airports Midco Limited

Notes to the Financial Statements (Continued) For the period 11 August 2017 - 31 December 2018

9 INVESTMENTS (continued)

Birmingham Airport Limited, Eurohub (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.

10 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £
12% Interest Bearing Unsecured PIK Loan Stock 2020 - Airport Group Investments Limited	52,400,000
10% Interest Bearing Unsecured Loan notes - Bristol Airport (UK) No.3 Limited	82,081,323
10% Interest Bearing Unsecured Loan notes - South West Airports Limited	139,285,292
12% Interest Bearing Unsecured Loan notes - South West Airports Limited	89,500,000
	<u>363,266,615</u>

12% Interest Bearing Unsecured PIK Loan stock 2020 ("New Loan notes") - £52,400,000

The 12% Interest Bearing Unsecured PIK Loan Stock 2020 may be redeemed at par together with any accrued interest at any time at the option of the Company and, in any event, will be redeemed on the earlier of 31 July 2020, when the Company disposes of its investment, or when the Company has an initial public offering.

10% & 12% Interest Bearing Unsecured Loan notes 2020 ("New Loan notes") - £310,866,615

Bristol Airport (UK) No.3 Limited has in issue £82,081,323 10% fixed rate unsecured loan notes due 31 December 2020. South West Airports Limited has in issue £69,285,292 10% A notes due 31 December 2020, a loan note certificate relating to £70,000,000 of 10% Tranche A notes due 31 December 2020 and a loan note certificate relating to £89,500,000 of 12% Tranche B Notes due 31 December 2020.

The Interest Bearing Unsecured Loan notes 2020 may be redeemed at par together with any accrued interest at any time at the option of the Company and, in any event, will be redeemed on the earlier of 31 December 2020, when the Company disposes of its investment, or when the Company has an initial public offering.

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £
12% Bearing Unsecured Loan notes 2020 interest - Airport Group Investments	2,635,793
10% Bearing Unsecured Loan notes 2020 interest - Bristol Airport (UK) No. 3 Limited	34,436,640
12% Bearing Unsecured Loan notes 2020 interest - South West Airports Limited	37,676,260
	<u>74,748,693</u>

12 CASH AND CASH EQUIVALENTS

	2018 £
Cash at bank and in hand	241,444
	<u>241,444</u>

£

UK Airports Midco Limited

Notes to the Financial Statements (Continued)
For the period 11 August 2017 - 31 December 2018

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £
Amounts due to group undertakings	(2,792)
Accrued expenses	(68,534)
	<u>(71,326)</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £
8.81% Eurobonds	<u>(444,045,491)</u>

The loans are all fixed rate and unsecured with a semi-annually payment frequency and have a final maturity date of 31 December 2020. During the period ended 31 December 2018 £46,408,594 of interest was paid and none of the capital was repaid.

On 15 January 2018, the above loan notes were admitted to the Official List of The International Stock Exchange, TISE ("the Exchange") and are subject to the rules of the Exchange.

15 CALLED-UP SHARE CAPITAL

	2018 £
<i>Allotted, called-up and fully paid</i>	
A Ordinary Shares of £1 each	200
B Ordinary Shares of £0.01 each	1
	<u>201</u>

A Ordinary shares

The Company has in issue 200 A Ordinary Shares with a par value of £1 per share. The A Ordinary Shares rank *pari passu* to the B Ordinary Shares. Each shareholder has one vote per share and has no right to vote on any resolution to appoint or remove a director.

B Ordinary shares

The Company has in issue 100 B Ordinary Shares with a par value of £0.01 per share. Each share ranks equally for any B Dividends. Each shareholder has no right to receive notice or to attend and vote at a general meeting (except to elect or remove a director where each shareholder has one vote per share). No dividends were paid to the holders of the B Ordinary shares for the period ended 31 December 2018 with the holders of the B Shares waiving their right to a dividend for the period.

Share premium and retained earnings

The share premium reserve contained the premium arising on issue of equity shares, net of issue expenses, on incorporation. As part of the planned restructuring in respect of Ontario Teachers' Pension Plan Board interests in Birmingham Airport and Bristol Airport the Company cancelled its share premium for the amount of £636,954,409 in full and it is included in retained earnings.

UK Airports Midco Limited

Notes to the Financial Statements (Continued) For the period 11 August 2017 - 31 December 2018

16 DIVIDENDS

	2018 £
"A" ordinary shares - £79,948 per share	(15,989,597)
	<u>(15,989,597)</u>

17 RELATED PARTY TRANSACTIONS

The Company paid £15,989,597 in A ordinary Share Dividends to its majority owner UK Airports Topco Limited. During the period, the Company received £11,513,554 in dividends from Airport Group Investments Limited.

Amounts due to a group undertaking for the amount of £2,792 are to Airport Group Investments Limited (AGIL) and are for operating expenses advanced on behalf of the Company

UK Airports Midco Limited became the holder of 12% Interest Bearing Unsecured PIK Loan Stock for £52,400,000 due in 2020 from Airport Group Investments Limited.

UK Airports Midco Limited became the holder of 10% Interest Bearing Unsecured Loan notes for £82,081,323 due in 2020 from Bristol Airport (UK) No.3 Limited.

UK Airports Midco Limited became the holder of various Interest Bearing Unsecured Loan notes on 24 October 2017 due in 2020 from South West Airports Limited:

	2018 £
10% SWAL A Notes	69,285,291
10% SWAL Tranche A Loan Notes loan notes	70,000,000
12% SWAL Tranche B Loan Notes loan notes	89,500,000
	<u>228,785,291</u>

During the period ended 31 December 2018 UK Airports Midco Limited issued 8.81% Eurobond notes payable in 2020 for the amount of £444,045,491. The Eurobonds are listed on The International Stock Exchange ("TISE"). £244,225,021 of the Eurobonds are held by related party 2342929 Ontario Limited. During the period £25,524,666 in interest was paid to 2342929 Ontario Limited. No amounts were outstanding at year end.

18 EVENTS AFTER THE REPORTING DATE

There were no significant events that occurred after the reporting date.

19 CONTROLLING PARTY

Ontario Teachers' Pension Plan Board, a company domiciled in Canada is regarded as the company's ultimate parent company. The financial statements of Ontario Teachers' Pension Plan Board can be obtained from its website www.otpp.com.