Newcastle International Airport Limited

Annual report and financial statements

For the year ended 31 December 2024

Registered Number: 02077766

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Newcastle International Airport Limited

Annual report and financial statements

For the year ended 31 December 2024

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Newcastle International Airport Limited

Directors and Advisers

Executive directors

A Andreasen (appointed 30 May 2024)

M Hunt

N Jones

R Knight

Non-Executive directors

T Dixon

G Ferguson

K Kilgour (appointed 4 December 2024)

D Mordey (appointed 30 July 2024)

D Rees

J Symonds (appointed 25 March 2024)

Company Secretary and registered office

M Hunt

Newcastle International Airport

Woolsington

Newcastle upon Tyne

NE13 8BZ

Domicile, legal form and country of incorporation

The company is domiciled, incorporated, registered and operates in England, United Kingdom and is a private limited company limited by shares.

Bankers

Royal Bank of Scotland

Wigan (D) Branch,

38 Market Place

Wigan

WN1 1PJ

Independent auditors

PricewaterhouseCoopers LLP

Statutory Auditors

Level 5 and 6

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

Legal advisers

Ward Hadaway

Sandgate House

102 Quayside

Newcastle upon Tyne

NE1 3DX

Newcastle International Airport Limited

Strategic report for the year ended 31 December 2024

The directors present their strategic report on the company for the year ended 31 December 2024.

Principal activities

The principal activities of the company are the operation and management of Newcastle International Airport.

Review of business and dividends

Passenger traffic grew significantly in 2024 as a result of a fifth based aircraft with TUI and growth in the Scheduled segment back to pre-pandemic levels. For the full year, the Airport served 5.21m passengers compared to 4.88m in the prior year.

Operational performance and customer experience delivery were recognised with three significant awards. The Airport won the overall Best Airport in the World award at Routes World, which is nominated by our airline partners and voted for by global airlines. For the third year running, the Airport was named Star UK Airport at the Star Bulletin Awards, which is nominated and voted for by the travel trade industry. Finally, at the Travel Industry Awards by ttg, which is decided by a panel of travel industry professionals, the Airport won UK & Ireland Airport of the year.

Total revenue grew to £75.1m (2023: £65.6m), an increase of 14%. Earnings before interest, taxes, depreciation, amortisation and similar charges (EBITDA) for the current year was a profit of £38.0m (2023: profit of £35.9m) and the operating profit amounted to £26.5m (2023: operating profit of £24.1m). The net assets of the company as at the balance sheet date were £279.1m (2023 restated: £239.6m).

Excellent progress continued to be made towards our Net Zero 2035 target and against the sustainability KPIs that were committed to as part of the 2022 bank financing package. Three of the four KPI targets, based on emissions reduction, Airport Carbon Accreditation progression and GRESB score, were achieved for 2024. Despite creating the required area of planted woodland habitats which will deliver great biodiversity value once fully established, the short-medium term focused biodiversity net gain metric was not achieved for the fourth banking KPI.

No dividends were paid in the year and no dividends have been proposed after year end.

Passenger volumes

The Airport served 5.2m passengers in total during 2024, 0.3m more than in the previous year. The increase of 7% compared to the prior year was driven by growth in the Scheduled and Holiday segments.

Business income

Traffic revenues increased by 19% compared to the previous year, driven by the increased passenger numbers.

Income from commercial activities increased by 12% compared to 2023 and was boosted by the extension of the departure lounge, the opening of a number of new food & beverage outlets and the redevelopment of the Airport's executive lounge. This includes revenue from the Airport's shops and catering facilities in the terminal, which are concessioned to third party operators, and car parking.

Other income, which comprises rental and other sources of income, was 13% higher than the previous year.

Strategic report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties

The principal risks facing the group which comprises NIAL Group Limited, the parent company, and its subsidiaries' (together the "group") are those associated with the underlying aviation market and the success of its concessionaires.

Weaker demand for flying poses a risk to future growth and may come from a number of factors including underlying economic conditions and increased flight prices, which themselves are driven from input price increases such as the cost of fuel and air passenger duty, or environmental pressures on consumers' appetite for flying. The group assesses the risk from changes in demand through a detailed business planning process that includes running various scenarios.

External factors such as severe weather or terrorist activity can also contribute to a temporary reduction in passenger numbers. COVID-19 demonstrated the risk of a prolonged reduction in throughput as a result of a global pandemic. This will continue to be a significant external risk for the business. However, the business demonstrated its resilience to such a scenario.

Future developments

Further growth in passengers is expected in 2025, notably in the Low Cost segment with easyJet adding capacity throughout the year, including on the new Amsterdam and Paris routes. Norwegian are a new airline for the Airport and are flying a new route to Copenhagen. Another new route is Berlin, with Eurowings. The business will continue to work closely with its airline partners to stimulate further growth across all segments.

Capital investment to enhance the Airport's facilities and the customer experience will continue, with the refurbishment of a number of food & beverage and retail outlets. Significant investment will take place in 2025/26 to extend the international arrivals hall and the long stay car park. The runway rehabilitation project will be completed in the first half of 2025.

There will be a continued focus on sustainability projects to deliver the Airport's Net Zero 2035 target, supported by the Green Loan secured as part of the 2022 banking package. During 2025 we will explore the potential for further phases of the solar farm.

The long term outlook for the business remains positive.

Financial result for 2024

Total revenue in the year was £75.1m compared to £65.6m in 2023.

Operating profit for the year amounted to £26.5m, an increase of £2.4m from the operating profit of £24.1m in the prior year. The profit before tax for the year amounted to £27.5m compared to a profit of £25.4m in 2023.

Total capital expenditure in 2024 was £17.4m compared to £13.3m in the prior year. Progress was made on a number of important projects including the runway rehabilitation project, the completion of the Next Generation Security project and a number of other sustainability, commercial and operational projects.

Strategic report for the year ended 31 December 2024 (continued)

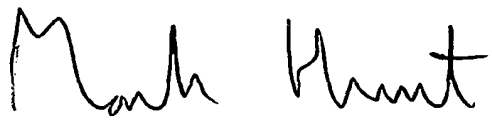
Key performance indicators

The company's principal key performance indicators are passenger numbers, total revenue per passenger and EBITDA. For 2024 passenger numbers grew by 0.3m to 5.2m compared to the previous year. Total revenue per passenger showed an increase from £13.45 to £14.42. EBITDA in 2024 was a profit of £38.0m, an increase of £2.1m compared to 2023.

Section 172(1) statement

Details regarding the Section 172(1) statement are disclosed in the Directors' report.

By order of the Board



M Hunt
Company Secretary

1 April 2025

Newcastle International Airport Limited

Directors' report for the year ended 31 December 2024

The directors present their Directors' report and audited financial statements of the company for the year ended 31 December 2024.

Future developments of the company and dividends proposed have been disclosed within the Strategic Report on pages 2-4. There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

Directors

The directors of the company, all of whom have been directors for the whole of the year ended 31 December 2024 and up to the date of approval of the financial statements unless stated otherwise were as follows:

Executive directors

A Andreasen (appointed 30 May 2024)
M Hunt
N Jones
R Knight
G Mason (resigned 30 May 2024)

Non-Executive directors

T Dixon
G Ferguson
N Kemp (resigned 10 October 2024)
K Kilgour (appointed 4 December 2024)
G Miller (resigned 30 May 2024)
D Mordey (appointed 30 July 2024)
D Rees
J Symonds (appointed 25 March 2024)

As permitted by the Articles of Association, 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 throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Section 172(1) statement

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the company's employees;
- The need to foster the company's relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment; and
- The desirability of the company maintaining a reputation for high standards of business conduct.

Directors' report for the year ended 31 December 2024 (continued)

Employees

The directors regularly present all employees with information on group performance and strategic objectives, including through periodic CEO townhalls. All department managers communicate departmental objectives to their teams through a monthly Team Brief process. The company continues to encourage employee feedback and participation in communication sessions so that employees' views can be taken into account in making decisions that are likely to affect their interests. In addition, annual employee surveys are completed, with action plans implemented to address the feedback received.

The business continues to consult and work in partnership with its recognised trade unions, by encouraging regular dialogue between departmental managers and local union representatives.

The company's focus on Equality, Diversity & Inclusion (ED&I) continues, with an ED&I Action Plan being delivered to continue to improve awareness of the importance of equality, diversity and inclusion for the business, to ensure that policies and procedures drive our desired goals in this area, and to measure and report on the progress made in this area. The Equality, Diversity & Inclusion Group includes employees from across the business and has met regularly during the year to steer changes to policies, procedures, training and reporting, including the Menopause policy and the updated Bullying, Harassment and Sexual Harassment policy. The Group also support network groups such as the Women's Leadership Forum and the Neurodiversity Forum. Company-wide training on numerous ED&I topics has also been delivered to all staff through an online learning platform.

The company believes in equality of opportunity and accordingly employment policies and practices are continually monitored to ensure that they remain fair and that they are applied in a consistent and non-discriminatory way. All applications for employment are fully considered by bearing in mind the applicants' respective aptitudes and abilities without prejudice to any disability or other distinguishing characteristic. Where necessary reasonable adjustments are made to accommodate disabled applicants and, in the event of an employee becoming disabled during employment, every reasonable effort is made to ensure that their employment with the group can continue. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health & Wellbeing remains a top priority for the business, with regular newsletters being provided to employees on a wide range of topics. A team of Mental Health First Aiders have been trained to support employees, and a Wellness hub has also been made available through the company's Reward & Recognition platform.

Slavery & Human Trafficking Statement

This statement is made, pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement.

Newcastle International Airport Limited adopts a zero tolerance approach to modern slavery & human trafficking and is committed to ensuring that modern slavery does not take place anywhere within the business or within the operations of any of its suppliers or business partners.

Directors' report for the year ended 31 December 2024 (continued)

Slavery & Human Trafficking Statement (continued)

The Anti-Slavery Policy sets out the Airport's corporate responsibilities and the obligations placed upon those who work for and with the group, in terms of upholding its position. As part of this commitment towards the elimination of modern slavery the Airport has developed systems to ensure that its supply chain and those who work for the group adhere to its policy. Newcastle International Airport Limited has also taken steps to highlight the need for its employees to raise any concerns or suspicions they may have regarding modern slavery or unethical practices through its Speaking Up & Raising Serious Concerns Policy.

Additionally the group is communicating its Anti-Slavery Policy and expectations to its suppliers and business partners and will keep its supply chain arrangements under continuous review to ensure that its anti-slavery position is upheld. The group also intends to keep its policy and arrangements under continuous review to ensure that these remain adequate and effective in enabling Newcastle International Airport Limited to play its part in eradicating modern slavery and human trafficking.

Environment

Newcastle International Airport Limited is committed to its environmental objectives and policy, which sit within the Airport's Environmental, Social & Governance (ESG) Strategy and set the overall aim to be environmentally responsible.

The Airport remains committed to its Net Zero Carbon 2035 strategy, which was published in 2020. Work has continued on decarbonisation measures, including progress on the transition to electric vehicles with electric charging facilities across the airport, the implementation of hydrotreated vegetable oil (HVO) for existing diesel vehicles, extensive woodland planting and various improvements to the efficiency of the terminal building, such as rapid rise doors and air doors. Further progress on the Airport Carbon Accreditation and GRESB frameworks has been made with Level 4 and 100% being achieved respectively in 2024. The main electricity supply for the Airport continues to be provided via a renewable contract and approximately 20% of the Airport's electricity demand in 2024 was met by its on-site solar farm. The staff Electric Vehicle Car Scheme grew in numbers during the year.

The Airport continued to manage its pollution control systems, ensuring compliance with its Environment Agency water discharge consents and diverting waste from landfill by recycling or generating energy from waste.

Energy Use and the associated greenhouse gas emissions

		2024	2023
Scope 1	Gas (kWh)	3,912,337	4,001,999
	Liquid Fuels (kWh)	1,329,084	1,042,540
	Transport (kWh)	888,949	1,524,095
Scope 2	Electricity (kWh)	6,801,554	6,623,440
Scope 3	Employee owned cars	-	-
Total Carbon (location based) (tCO2e)		2,779	2,891
Passengers ('000)		5,207	4,880
Intensity Ratio (tCO2e/PAX'000)		0.5	0.6

Using the location based methodology, the Airport has achieved an overall reduction of 33.7% in our carbon footprint for 2024 compared to our 2019 performance.

Directors' report for the year ended 31 December 2024 (continued)

Energy efficiency actions taken

The Airport has continued to promote green transportation by replacing diesel operational vehicles with electric alternatives. Approximately 30% of the Airport's operational vehicles are electric, including airside buses, ranger vehicles and more. Remaining diesel vehicles, where possible, have been switched to HVO.

As part of the process to decarbonise transportation on-site, the Airport has so far installed 35 Electric Vehicle (EV) charge points which are accessible by NIAL operational vehicles, as well as staff, business partners and passengers. An electric vehicle charging forecourt with 12 ultra rapid charging bays will open to the public during 2025.

In order to tackle heat loss within the main terminal building, rapid rise doors have been installed within the Airport's baggage undercroft and air doors have been installed at the main entrance to the building.

Following Phase 1 of the Airport's solar farm becoming operational in 2023, planning for Phase 2 has continued, with a targeted implementation in 2026.

Community Engagement

The Airport's operations are intrinsically linked to the community. When the Airport prospers, it also brings benefits to the local communities, including employment, supporting local groups, charities, education and skills.

Impacts from the Airport and aircraft operations, including noise, emissions and traffic can negatively affect communities near the airport site and flight paths.

In line with the Environmental, Social & Governance (ESG) Strategy, the Airport aims to be a good neighbour, and regular and long-term engagement with local communities continued throughout 2024, including focus groups, and the formal Airport Consultative Committee.

Whilst schemes exist to mitigate operational impacts such as noise, they cannot be completely eliminated. The Airport continues to make improvements to the way in which aircraft noise is managed, actively engaging with the local community to minimise disturbance.

Air Navigation Service provision

Newcastle International Airport (NIA) provides its own air navigation services and is certified as an Air Navigation Service Provider (ANSP) by the UK Civil Aviation Authority (CAA).

NIA's processes and procedures are subject to rigorous internal and external audits, to regularly test their effectiveness and identify opportunities for improvement. As such, the CAA conducted their oversight inspection in April 2024 with no findings or corrective actions required.

The Air Traffic Services (ATS) department continues to strengthen in order to meet the demands of a recovering and growing aviation industry. This involves recruitment and training across a number of ATS disciplines as the department seeks to position itself as resilient and able to react to any demands. In addition, the introduction of a second Primary Radar Source to provide further resilience to the business was completed in 2024. Efforts are being made to secure a high quality ATS simulator in order to further improve and find efficiencies in ATS training.

In addition to commercial movements, ATS has continued to provide services to general air traffic and military flights through the provision of a lower airspace radar service as well as supporting category A medical flights. NIA ATS has been engaged in a consultation for the use of drones over long distances to deliver medical provisions in the North East.

Directors' report for the year ended 31 December 2024 (continued)

Air Navigation Service provision (continued)

After a successful trial in 2023 the proposals for a further trial are very advanced and will deliver sustainability and patient improvements across large parts of the North East and Newcastle city centre. The operator will be seeking regulatory approvals in due course. Considerable support was provided by NIA ATS to the runway rehabilitation project, especially in the lighting and power specialisations. This project is due for completion in the first half of 2025.

Throughout 2024 NIA ATS consulted with service users through formal groups such as the Runway Safety and Airline Technical Committees, extending the audience to regional general aviation users to ensure that all have a forum to discuss safety matters. This now continues on a regular basis as part of the ATS Integrated Management System.

The department continues to feed into the NIA business objectives providing safety assurance through the regular review and assessment of Safety Performance Indicators, records and procedures.

Health and safety at work

The NIAL Group remains committed to providing optimum standards of health and safety in relation to all business activities, including the provision of safe services and premises. Quality assurance work aimed at further developing and robustly implementing the group's integrated safety management system has therefore continued throughout the year to drive our commitment to continuous improvement.

In 2024 NIAL achieved a like for like performance on public injury accidents and no NIAL attributable public accidents.

ISO45001 reaccreditation was successfully achieved for the 3rd year.

Our Be Safe campaign operated throughout the year across all departments and in partnership with other major on-site employers Jet2 and Swissport running a number of safety campaigns aligned with our trend analysis to identify accident hot spots.

A total of over 200 hours of health and safety training were delivered to employees across the business by the Health and Safety Team, covering various topics such as risk assessment, accident investigation, safety culture etc.

The Health and Safety Team are currently overseeing the ongoing implementation project to introduce a Safety & Operational Compliance Management System to improve health & safety governance and monitoring of continuous improvement objectives. The system will enable easier trending and analysis of accidents/incidents, and also allow auditing to be undertaken digitally, which will reduce paperwork and produce a real time dashboard for H&S performance.

Customer Experience

As a key element of our strategy, the Airport is committed to delivering a memorable experience for our customers and gaining a reputation for excellence. Customer Focus is one of the group's core values and we recognise great customer service through our Reward and Recognition programme and the CEO quarterly and annual Spotlight Awards.

Charitable and political donations

The company did not pay any contributions for charitable purposes and made no political donations during the current or prior year.

Directors' report for the year ended 31 December 2024 (continued)

Financial risk management

The company's activities expose it primarily to the financial risks of changes in interest rates and liquidity risk and it mitigates these risks through the use of derivative financial instruments. The board reviews and agrees policies for managing each of these risks, and others and they are summarised below.

Cash flow market risk

The company has both interest bearing assets and interest bearing liabilities. At the year end, no interest bearing assets and all interest bearing liabilities were at fixed rates. All debt is denominated in sterling.

Liquidity risk

The policy of the company throughout the year has been to maintain a mix of short and long term borrowings with short term flexibility achieved through overdraft facilities. In addition, sufficient cash reserves are held to support short term liquidity.

Management maintains rolling weekly forecasts of the company's liquidity reserve (comprising an undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, contractual cash flows of debt investments carried at amortised costs, favourable derivative financial instruments as well as credit exposures to customers, including outstanding receivables.

Credit risk is managed on a group basis. For banks and financial institutions, only banks with a strong credit rating are accepted. The credit quality of customers is assessed for each customer taking into account its financial position, past experience and other factors. The company's investment in debt instruments are considered to be low risk investments.

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 regulation.

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 101 "Reduced Disclosure Framework", 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 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 101 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.

Directors' report for the year ended 31 December 2024 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are 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 also 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.

Going concern

The company has received confirmation by virtue of a letter of support from NIAL Group Limited that it will provide financing as required and will not seek repayment of amounts owing for a period of at least twelve months from the date of signing of these financial statements if doing so would cause Newcastle International Airport Limited to be unable to meet its other liabilities and obligations as they fall due.

As a result of the above, and given the intrinsically linked nature of all the companies within the NIAL Group Limited group of companies (the group), in adopting the going concern basis for these financial statements, the Directors have considered the activities and cash flows of the company as part of the assessment of the business activities and cash flows of the group, together with factors likely to affect the future development and performance, as well as the group's, principal risks and uncertainties.

The directors have considered the economic environment in which the business operates and the factors affecting the current and future performance and prospects of the business as set out in the Strategic report. Based on the company and group's forecasts (which include the company and its fellow companies), cash balances and facilities available to it and, having considered the opportunities, uncertainties and risks facing it together with reasonable possible changes in trading performance, the directors have a reasonable expectation that the group has adequate resources to continue operating for the foreseeable future.

The group has prepared a severe but plausible downside financial forecast. Under this scenario and looking forward to 12 months from the date of signing these financial statements, there continues to be sufficient liquidity in the business and covenants are passed during the going concern assessment period.

Accordingly the directors continue to adopt the going concern basis in the preparation of the financial statements.

Policy regarding payment of suppliers

The company's policy regarding the payment of suppliers is to agree terms of payment at the start of business with each supplier to ensure that the supplier is made aware of the payment terms, and to pay in accordance with its contractual or other legal obligations. At 31 December 2024 the company's trade payables outstanding represented approximately 55 (2023: 58) days' purchases.

Directors' report for the year ended 31 December 2024 (continued)

Independent auditors and disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report, confirms that as far as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. Each director has 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 company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By order of the Board

M Hunt
Company Secretary

1 April 2025

Independent auditors' report to the members of Newcastle International Airport Limited

Report on the audit of the financial statements

Opinion

In our opinion, Newcastle International Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", 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 and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2024; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; the Statement of accounting policies; and the notes to the financial statements.

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 company 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 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 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.

Independent auditors' report to the members of Newcastle International Airport Limited (continued)

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.

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 December 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 company and its 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 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.

Independent auditors' report to the members of Newcastle International Airport Limited (continued)

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental legislation, General Data Protection Regulation, aviation industry specific regulations, health and safety regulations and employment law, 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 UK tax legislation and 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 posting of inappropriate journal entries to increase revenue, increase EBITDA, incorrectly capitalise costs or decrease interest payable with the aim of manipulating debt covenant calculations or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Testing journal entries and other adjustments for appropriateness and reviewing accounting estimates for potential bias;
- Enquiry of management and those charged with governance in relation to any non-compliance with laws and regulations during the year;
- Review of board minutes of those charged with governance; and
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations.

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.

Independent auditors' report to the members of Newcastle International Airport 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
2 April 2025

Newcastle International Airport Limited

Income statement for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Revenue	1	75,093	65,643
Employee benefits costs	17	(13,140)	(12,010)
Other expenses		(24,301)	(21,346)
Depreciation, amortisation and similar charges	3	(11,470)	(11,764)
Other income	1	302	3,601
Operating profit	1	26,484	24,124
Finance income	2	4,078	4,212
Finance costs	2	(3,074)	(2,960)
Profit before tax		27,488	25,376
Tax on profit	4	762	(4,069)
Profit for the financial year		28,250	21,307

All of the above activities relate to continuing operations.

Newcastle International Airport Limited

Statement of comprehensive income for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Profit for the financial year		28,250	21,307
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	18	14,211	(2,541)
Tax on actuarial gains/losses on defined benefit plans	4	(2,902)	635
Other comprehensive income/(expense) for the year		11,309	(1,906)
Total comprehensive income for the year		39,559	19,401

Newcastle International Airport Limited

Balance sheet at 31 December 2024

	Note	2024 £'000	2023 (restated*) £'000
Assets			
Non-current assets			
Intangible assets	5	542	709
Property, plant and equipment	6	201,912	196,433
Investment properties	6	10,840	10,100
Investments in subsidiaries	7	5,519	5,519
Trade and other receivables	9	80,000	80,000
Retirement benefit asset	18	23,985	9,395
		322,798	302,156
Current assets			
Inventories	8	91	83
Trade and other receivables	9	118,398	85,093
Current tax asset	12	1,004	-
Cash and cash equivalents	10	3,316	7,582
		122,809	92,758
Liabilities			
Current liabilities			
Trade and other payables	11	(47,859)	(37,550)
Current tax liabilities	12	-	(3,297)
		(47,859)	(40,847)
Net current assets		74,950	51,911
Non-current liabilities			
Borrowings	14	(79,809)	(79,786)
Deferred tax liabilities	15	(37,389)	(33,195)
Other non-current liabilities	13	(1,402)	(1,497)
		(118,600)	(114,478)
Net assets		279,148	239,589

* Please refer to note 23 for details of the prior year restatement.

Newcastle International Airport Limited

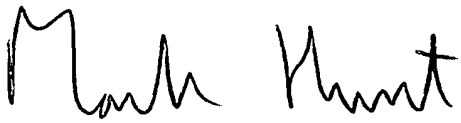
Balance sheet at 31 December 2024 (continued)

	Note	2024 £'000	2023 (restated*) £'000
Equity			
Called up share capital	16	33,395	33,395
Share premium account		414	414
Deemed cost reserve		131,200	131,200
Retained earnings		114,139	74,580
Total equity		279,148	239,589

* Please refer to note 23 for details of the prior year restatement.

The financial statements of Newcastle International Airport Limited, registered number 02077766, on pages 17 to 50 were approved by the board of directors and authorised for issue on 1 April 2025 and were signed on its behalf by:

N Jones
Director



M Hunt
Director

Newcastle International Airport Limited

Statement of changes in equity for the year ended 31 December 2024

	Share capital	Share premium account	Deemed cost reserve	Retained earnings (restated*)	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2023 as reported	33,395	414	131,200	57,779	222,788
Prior year adjustment*	-	-	-	(2,600)	(2600)
At 1 January 2023 restated	33,395	414	131,200	55,179	220,188
Profit for the year	-	-	-	21,307	21,307
Other comprehensive expense for the year	-	-	-	(1,906)	(1,906)
Total comprehensive income for the year	-	-	-	19,401	19,401
At 31 December 2023	33,395	414	131,200	74,580	239,589
Profit for the year	-	-	-	28,250	28,250
Other comprehensive income for the year	-	-	-	11,309	11,309
Total comprehensive income for the year	-	-	-	39,559	39,559
At 31 December 2024	33,395	414	131,200	114,139	279,148

* Please refer to note 23 for details of the prior year restatement.

Newcastle International Airport Limited

Statement of accounting policies

The material accounting policies adopted 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.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) "Reduced Disclosure Framework" as issued by the Financial Reporting Council.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006. The company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1; reconciliation of share capital at the beginning and end of the period,
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment',
  - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 10(f) (including a third balance sheet for a retrospective restatement)
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related Party disclosures' (key management compensation).
- The requirements in IAS 24 'Related Party disclosures', to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of NIAL Group Limited, which may be obtained from the company secretary at the address noted on page 1.

The financial statements have been prepared under the historical cost convention as modified by the application of IFRS 1 in relation to land and buildings and the revaluation of investment properties and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of the intermediate parent company NIAL Group Limited.

Statement of accounting policies (continued)

Going concern

The company has received confirmation by virtue of a letter of support from NIAL Group Limited that it will provide financing as required and will not seek repayment of amounts owing for a period of at least twelve months from the date of signing of these financial statements if doing so would cause Newcastle International Airport Limited to be unable to meet its other liabilities and obligations as they fall due.

As a result of the above, and given the intrinsically linked nature of all the companies within the NIAL Group Limited group of companies (the group), in adopting the going concern basis for these financial statements, the Directors have considered the activities and cash flows of the company as part of the assessment of the business activities and cash flows of the group, together with factors likely to affect the future development and performance, as well as the group's, principal risks and uncertainties.

The directors have considered the economic environment in which the business operates and the factors affecting the current and future performance and prospects of the business as set out in the Strategic report. Based on the company and group's forecasts (which include the company and its fellow companies), cash balances and facilities available to it and, having considered the opportunities, uncertainties and risks facing it together with reasonable possible changes in trading performance, the directors have a reasonable expectation that the group has adequate resources to continue operating for the foreseeable future.

Accordingly the directors continue to adopt the going concern basis in the preparation of the financial statements.

Statement of accounting policies (continued)

Revenue recognition

Revenue comprises traffic revenue, rental income from operating leases, concession revenue and sales of services, net of value added tax and price reductions directly related to sales. Traffic revenue comprises passenger, take-off and aircraft parking charges, and concession revenue comprises sales-related revenue from the group's concessionaire shopping and catering outlets, parking facilities and other facilities. Rent comprises rent for buildings and revenue from sales of services comprises revenue from other activities of an operating nature.

In accordance with IRFS15 Revenue from Contracts with Customers the company follows a 5-step process to determine whether to recognise revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to its performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the group satisfies performance obligations by transferring the promised goods or services to its customers.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The company recognises revenue for its major sources on the following basis:

- Traffic revenue is recognised at a point in time upon satisfaction of the performance obligation, i.e. departure of the aircraft.
- Concession revenue from third party retail and catering operators and car park operations is recognised over time in line with the sales generated by the concessionaires.
- Rental income from operating leases is recognised over time over the term of the relevant lease contract on a straight line basis.

Leases

Lease income from operating leases where the company is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Financial instruments

Financial instruments comprise borrowings, cash, money market deposits, amounts owed to and from group undertakings, accruals, trade receivables and trade payables. The main purpose of these financial instruments is to manage the company's operations. No trading in financial instruments is undertaken.

Statement of accounting policies (continued)

Financial instruments (continued)

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities, including loans such as loans from financial institutions are recognised when obtained at the proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost so that the effective interest charges are recognised in the income statement over the term of the loan.

Capitalisation of borrowing costs and interest

Issue costs incurred in the raising of debt are capitalised and amortised over the term of the relevant financing at a constant rate on the carrying amount. Where a debt is repaid and not replaced with a new debt on similar terms, unamortised issue costs are written off immediately together with any associated early redemption charges.

Property, plant and equipment

Property, plant and equipment owned by the company at the date of transition to IFRS is measured at deemed cost less accumulated depreciation. Property, plant and equipment purchased since the transition of IFRS is measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components, and work performed by subcontractors. Loan costs are not included in cost unless construction projects last for a substantial period in which case borrowing costs incurred during construction of relevant assets are capitalised from the commencement of the development until practical completion.

The depreciation base is determined as cost less residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are brought into use. The useful economic lives and residual values are reviewed annually by management.

The estimated useful lives of the major asset categories are as follows:

Land and buildings:	
Land is not depreciated	
Freehold buildings	25 – 50 years
Terminal buildings	25 – 50 years
Runway, aprons, taxiways	10 – 50 years
Vehicles, plant and machinery	5 – 20 years
Fixtures and fittings, tools and equipment	5 – 10 years

Property, plant and equipment in progress are stated at cost. These assets are not depreciated until they are available for use and are reviewed for impairment at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other expenses.

Statement of accounting policies (continued)

Investment properties

Investment properties, which are properties held to earn rentals (including properties under construction for such purposes), are stated at fair value at the balance sheet date (as described in note 6). Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Major projects in which computer software is the principal element are recognised as assets if there is sufficient certainty that the capital value of future earnings can cover the related costs.

Computer software primarily comprises directly and indirectly attributable costs.

Amortisation is charged on a straight-line basis commencing upon completion of the project. The amortisation period is 3 – 5 years.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Government grants

Government grants have been received for the purpose of providing assistance with capital and operating expenditure. Capital based grants are treated as accruals and deferred income in the balance sheet and are amortised on a straight-line basis over the estimated useful lives of the assets to which they relate. Revenue based grants are credited to the income statement in the period to which they relate.

Employee benefit costs

Staff costs comprise salaries, wages and pensions of the company.

Regular pension contributions under defined contribution schemes are recognised in the income statement in the period in which they arise.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Re-measurement recorded in the statement of comprehensive income is not recycled to profit and loss.

Statement of accounting policies (continued)

Employee benefit costs (continued)

Past service cost is recognised as profit or loss when the plan amendment or curtailment occurs, or when the company recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- re-measurement.

The company presents service costs within staff costs in its consolidated income statement.
Net interest expense or income is recognised within finance costs (see note 2).
The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the company's defined benefit scheme.

Share capital and share premium

Where shares are issued at a premium, a sum equal to the aggregate amount or value of the premium is transferred to the share premium account.

Inventories

Inventories are stated at cost. Where necessary, provision is made for obsolete, slow moving and defective stocks calculated on a cost basis for specific items.

Taxation

The tax expense or credit represents the sum of the tax currently payable and deferred tax.

The tax currently payable/receivable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Statement of accounting policies (continued)

Taxation (continued)

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Cash and cash equivalents

Cash and cash equivalents includes cash and balances in accounts with no or short notice (including money market deposits). Money market deposits are amounts of cash deposited with initial redemption periods of more than three months.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses arising as a result of differences between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled by the balance sheet date are translated at the exchange rates ruling at the balance sheet date. Differences between the exchange rate ruling at the balance sheet date and at the transaction date are recognised in the income statement as financial income or financial expenses.

Finance income and expenses

Financial income and expenses include interest, realised and unrealised exchange differences, amortisation of mortgage loans and other loans, supplements and value adjustments of securities and similar items.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed or goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

In relation to the impairment of financial assets, IFRS 9 requires the company to apply an expected credit loss model and assess changes in expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Statement of accounting policies (continued)

Trade and other receivables (continued)

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Dividend income

Finance income includes income from dividends which is recognised when the right to receive payment is established.

Trade payables and other liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Other payables primarily comprise holiday pay liabilities, income taxes, other taxes and interest payable, which are measured at fair value.

Investments

Investments in subsidiaries are carried at cost less any provision for impairment.

Critical accounting estimates and judgements

In the application of the company's accounting policies, 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.

Critical accounting judgements

a) **Retirement benefit asset**
   Where a surplus on a defined benefit scheme arises, there may be restrictions to prevent the employer obtaining a refund of that surplus. The company has made the judgement that the recognised amount meets the requirement of recoverability. Further details are available in note 18.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation of uncertainty in the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Pension commitments

Certain assumptions have been adopted for factors that determine the valuation of the company's liability for pension obligations at the year-end and of future returns on pension scheme assets and charges to the Income Statement. The factors have been determined on an actuarial basis taking into account market and economic conditions.

Changes in assumptions can vary from year to year as a result of changing conditions and other factors which may cause increases or decreases in the valuation of the company's liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. Further details are available in note 18.

Statement of accounting policies (continued)

Rebates

Aeronautical rebates can involve estimation where rebate agreements are not coterminous with the year end and could involve estimation around full year passenger volumes to determine the total accrual.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

Effective from 1 January 2024:

Amendments to IAS 1	– Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to IFRS 16	– Lease Liability in a Sale and Leaseback
Amendments to IAS 7 & IFRS 7	– Supplier Finance Arrangements disclosures

The amendments listed above did not have any impact on the amounts recognised in the current or prior periods and are not expected to significantly affect future periods. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

Notes to the financial statements

1 Revenue, other income and operating profit

Revenue from contracts with customers

Revenue represents revenue from servicing and is entirely derived from operations in the UK.

The following charges/(credits) have been included in arriving at operating profit:	**2024 £'000**	2023 £'000
Staff costs (note 17)	**13,140**	12,010
Depreciation of property, plant and equipment owned assets	**11,937**	11,296
Amortisation of intangible assets	**273**	243
Change in fair value of investment properties on revaluation in the period (note 6)	**(740)**	225
Inventories recognised as an expense	**(8)**	14
Repairs and maintenance expenditure on property	**717**	636
Repairs and maintenance expenditure on plant	**2,992**	2,606
Net trade receivables impairment	**134**	266
Amortisation of capital government grants	**(95)**	(105)
Loss/(gain) on sale of property, plant and equipment	**2**	(3)

No material amounts of repair and maintenance expenditure were incurred in relation to investment properties during the current or prior year.

Other income

In the prior year the company received an insurance payout of £2,500,000 under its Business Interruption policy for losses incurred during the pandemic.

During 2023 the company continued to benefit from the Airport Ground Operations Support Scheme (AGOSS) and other income of £930,000 is included within other income in the prior year.

Services provided by the company's auditors

During the year the company obtained the following services from its auditors at costs as detailed below:

	2024 £'000	2023 £'000
Audit services – Statutory audit	**143**	136
Tax compliance services	**26**	23
Other advisory services	**71**	21
Actuarial services	**25**	53
	265	233

Notes to the financial statements (continued)

Revenue, other income and operating profit (continued)

Services provided by the company's auditors

The directors have agreed with the company's auditors that the auditors' liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 31 December 2024 should be limited to the greater of £5m or 5 times the auditors' fees, and that in any event the auditors' liability for damages should be limited to that part of any loss suffered by the company as is just and equitable having regard to the extent to which the auditor, the company and any third party are responsible for the loss in question. The shareholders waived the need for approval of this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 20 December 2024.

2 Finance costs and finance income

	2024	2023
	£'000	£'000
Finance costs		
Interest payable on institutional loans	**(2,945)**	(2,937)
Other interest	**(106)**	-
Amortisation of issue cost	**(23)**	(23)
Total finance costs	**(3,074)**	(2,960)
Finance income		
Bank and other interest receivable	**202**	193
Net interest receivable relating to defined benefit pension scheme (note 18)	**540**	683
Interest receivable on unsecured intercompany loan notes	**3,336**	3,336
Total finance income	**4,078**	4,212
Finance income – net	**1,004**	1,252

3 Depreciation, amortisation and similar charges

	2024	2023
	£'000	£'000
Depreciation of property, plant and equipment owned assets	**11,937**	11,296
Amortisation of intangible assets	**273**	243
(Increase)/decrease in fair value of investment properties on revaluation in period	**(740)**	225
	11,470	11,764

Amortisation of intangible assets is included in the income statement within Depreciation, amortisation and similar charges.

Notes to the financial statements (continued)

4 Tax on profit

	2024	2023
	£'000	£'000
Current tax		
Current tax on profit for the year	**1,482**	5,194
Adjustments in respect of prior years	**(3,536)**	(201)
Total Current tax charge	**(2,054)**	4,993
Deferred tax		
Origination and reversal of temporary differences	**642**	(866)
Adjustments in respect of prior years	**650**	(2)
Impact of change in the UK tax rate	**-**	(56)
Total Deferred tax	**1,292**	(924)
Tax charge for the year	**(762)**	4,069

Tax on items charged to other comprehensive income/(expense)	2024	2023
	£'000	£'000
Items that will not be reclassified to profit and loss:		
Tax on actuarial gains on defined benefit plans		
Deferred tax charge/(credit) (note 15)	**2,902**	(635)
Total debited/(credited) to other comprehensive income	**2,902**	(635)

The tax charge for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25.00% (2023: 23.52%). The differences are explained below:

	2024	2023
	£'000	£'000
Profit before taxation	**27,488**	25,376
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 25.00% (2023 – 23.52%)	**6,872**	5,969
Effects of:		
Expenses not deductible for tax purposes	**338**	309
Effect of change in UK tax rate	**-**	(56)
Adjustments in respect of prior years	**(2,886)**	(203)
Group relief not paid for	**(5,084)**	(1,950)
Exempt amounts	**(2)**	-
Tax charge for the year	**(762)**	4,069

Notes to the financial statements (continued)

5 Intangible assets

Acquired intangible assets	Computer software
	£'000
Cost	
At 1 January 2024	4,829
Additions	97
Transfers	9
Disposals	(284)
At 31 December 2024	4,651
Accumulated amortisation	
At 1 January 2024	4,120
Charge for the year	273
Disposals	(284)
At 31 December 2024	4,109
Net book amount	
At 31 December 2024	542
At 31 December 2023	709

Notes to the financial statements (continued)

6 Property, plant and equipment and investment properties

	Land and buildings £'000	Vehicles, plant and machinery £'000	Fixtures and fittings, tools and equipment £'000	Property, plant and equipment in progress £'000	Total £'000
Cost					
At 1 January 2024	304,940	80,125	12,297	11,894	409,256
Additions	2,342	5,563	791	8,730	17,426
Transfers	3,630	5,665	539	(9,843)	(9)
Revaluation increase	740	-	-	-	740
Disposals	-	(2,166)	-	-	(2,166)
At 31 December 2024	**311,652**	**89,187**	**13,627**	**10,781**	**425,247**
Accumulated depreciation					
At 1 January 2024	134,224	60,326	8,173	-	202,723
Charge for the year	7,313	3,570	1,054	-	11,937
Transfers	(117)	115	2	-	-
Disposals	-	(2,165)	-		(2,165)
At 31 December 2024	**141,420**	**61,846**	**9,229**	**-**	**212,495**
Net book amount					
At 31 December 2024	**170,232**	**27,341**	**4,398**	**10,781**	**212,752**
At 31 December 2023	**170,716**	**19,799**	**4,124**	**11,894**	**206,533**

Investment properties are included within Land & Buildings. The total net book value of property, plant and equipment above comprises £10,840,000 in respect of investment properties and £201,912,000 in respect of other assets (2023: £10,100,000 and £196,433,000 respectively).

Notes to the financial statements (continued)

6 Property, plant and equipment and investment properties (continued)

Investment properties

Freehold land and buildings includes investment properties as detailed below:

	£'000
1 January 2024	10,100
Increase in fair value on revaluation in the year	740
At 31 December 2024	**10,840**

The fair value of the company's investment property was assessed on the basis of a valuation carried out as at 31 December 2024 by Naylors Gavin Black LLP, a firm of independent valuers not connected with the company. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The property rental income earned by the company from its investment property, all of which is leased under operating leases, amounted to £763,000 (2023: £766,000).

At 31 December 2024	Less than 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
Minimum rental lease payments from tenants	**639**	**812**	**161**

At 31 December 2023	Less than 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
Minimum rental lease payments from tenants	542	783	140

7 Investments in subsidiaries

Shares in subsidiary undertakings	£'000
As at 1 January 2023, 31 December 2023 and 31 December 2024	5,519

The directors believe that the carrying value of the investment is supported by their underlying net assets.

Investments in subsidiary undertakings are stated at cost. The company's subsidiary undertakings are Samson Aviation Services Limited and NIAL Services Limited which owns 100% of the share capital of Newcastle Park & Fly Limited. All companies are incorporated and operate in England. Newcastle International Airport Limited owns 100% of the ordinary share capital of Samson Aviation Services Limited whose business is the operation of facilities and services for business and private aviation. The company also owns 100% of the ordinary share capital of NIAL Services Limited whose business is that of a holding company and provider of services for third parties and other group companies. Further details of the subsidiaries are provided in note 22.

Notes to the financial statements (continued)

8 Inventories

	2024	2023
	£'000	£'000
Spares for plant, vehicles and machinery together with materials for premises maintenance	**91**	83

9 Trade and other receivables

Amounts falling due after more than one year:	2024	2023
	£'000	£'000
Amounts owed by group undertaking	**80,000**	80,000

On 1 January 2018 Newcastle International Airport Limited granted a loan of £80,000,000 to its immediate parent company NIAL Finance Limited. The loan is repayable on 29 March 2037 and attracts a fixed interest rate of 4.17%

Amounts falling due within one year:	2024	2023
	£'000	£'000
Trade receivables	**7,802**	8,731
Less: provisions for impairment of receivables	**(1,147)**	(1,865)
Trade receivables – net	**6,655**	6,866
Amounts owed by group undertakings (trading balances)	**109,621**	76,234
Prepayments and accrued income	**991**	1,153
Other receivables	**21**	25
Other tax & social security	**1,110**	815
Total	**118,398**	85,093

The directors consider that the carrying value of trade and other receivables is approximately equal to their fair value. Except for the intercompany loan with NIAL Finance Limited discussed above, no interest is charged on intercompany balances and these are repayable on demand.

Notes to the financial statements (continued)

9 Trade and other receivables (continued)

Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position as well as expected credit loss.

Concentrations of credit risk with respect to trade receivables are limited due to the company's customer base being large and unrelated. Due to this, management believes there is no further credit risk provision required in excess of normal provisions for doubtful receivables.

All of the company's trade and other receivables are denominated in sterling. The company does not hold any collateral or other credit enhancements over any of its trade receivables. The directors have not identified any material amounts of expected credit loss on both intercompany and trade receivables.

10 Cash and cash equivalents

Cash and cash equivalents	2024	2023
	£'000	£'000
Cash at bank and in hand	3,316	7,582

The fair value of cash at bank and in hand and money market deposits are the same as their book values.

11 Trade and other payables

	2024	2023
	£'000	£'000
Trade payables	7,566	9,476
Amounts owed to group undertakings (trading balances)	25,673	16,864
Other tax and social security payable	409	378
Other payables	461	280
Accruals	13,443	10,144
Contract liabilities	100	94
Deferred income	207	314
Total	**47,859**	37,550

The directors consider that the carrying value of trade payables approximates to their fair value.

Contract liabilities relate to performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at the balance sheet date.

Revenue recognised in the year that was included in contract liabilities at the beginning of the year amounts to £94,000. Revenue recognised in the prior year that was included in the contract liabilities opening balances of the previous year amounts to £29,000. Revenue was recognised on satisfaction of all performance obligations.

Notes to the financial statements (continued)

11 Trade and other payables (continued)

Management expects that the contract liabilities as at the balance sheet date will be recycled to profit and loss over the following period:

2024	Within 1 year £'000	> 1 year £'000	Total £'000
Revenue expected to be recognised upon satisfaction of performance obligation	100	-	100

12 Current tax asset/(liabilities)

	2024 £'000	2023 £'000
Net current tax liabilities	1,004	(3,297)

13 Other non-current liabilities

Government capital grants	2024 £'000	2023 £'000
1 January	1,497	1,602
Released to income statement	(95)	(105)
31 December	1,402	1,497

14 Borrowings

Non-current	2024 £'000	2023 £'000
Loans		
Secured loan	79,809	79,786
	79,809	79,786

Secured institutional loans

On 29 September 2016 the group refinanced its debt facilities and entered into a £80,000,000 Note Purchase Agreement. Issue costs amounting to £381,000, the balance of which amounted to £191,000 at the year end (2023: £214,000), have been deducted from the carrying value of the loan and are being amortised over the life of the loan. The debt is repayable in three instalments with terms between 12 and 20 years. Interest on the institutional loan is charged at fixed rates at an average rate of 3.67% over the term. The loan is secured over the tangible fixed assets of the group and certain commercial contracts and is guaranteed by all group companies.

Notes to the financial statements (continued)

14 Borrowings (continued)

Overdraft

The company and the group have a secured bank overdraft facility that carries an interest rate of 2.20% over SONIA. There is a right of set-off and unlimited cross guarantee between all group companies in relation to the overdraft.

Secured bank loan

The group secured bank loan facility is repayable in full on 29 September 2026. The loan is secured over the tangible fixed assets of the company and certain commercial contracts. The debt is guaranteed in full by all group companies. The loan facility attracts an interest rate of 2.20% above SONIA.

15 Deferred tax liabilities

Deferred tax is calculated in full on temporary differences under the liability method.

The movement on the deferred tax account is as shown below:

	2024	2023
	£'000	£'000
At 1 January	33,195	34,754
Income and expense credit	1,292	(924)
Amount debited/(credited) to other comprehensive income	2,902	(635)
At 31 December	37,389	33,195

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the year are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax liabilities	Accelerated tax depreciation	Pension	Total
	£'000	£'000	£'000
At 1 January 2023	31,512	3,523	35,035
Income and expense (credit)/charge	(1,055)	111	(944)
Recognised in other comprehensive expense	-	(635)	(635)
At 31 December 2023	30,457	2,999	33,456
Income and expense (credit)/charge	1,089	95	1,184
Recognised in other comprehensive income	-	2,902	2,902
At 31 December 2024	31,546	5,996	37,542

Notes to the financial statements (continued)

15 Deferred tax liabilities (continued)

Deferred tax assets	Other	Total
	£'000	£'000
At 1 January 2023	281	281
Income and expense charge	(20)	(20)
At 31 December 2023	261	261
Income and expense charge	(108)	(108)
At 31 December 2024	153	153

All of the deferred tax assets were available for offset against deferred tax liabilities and hence the net deferred tax provision at 31 December 2024 was £37,389,000 (2023: £33,195,000). Other deferred tax assets refer to short term timing differences.

Deferred tax assets and liabilities at 31 December 2024 have been calculated at the rate applicable to the period in which temporary differences are expected to reverse.

Deferred tax liabilities of £37,542,000 are expected to be paid after 12 months of the balance sheet date and deferred tax assets of £153,000 are expected to be recovered after the end of the next reporting year.

16 Called up share capital

	2024	2023
	£'000	£'000
Allotted, issued, called up and fully paid:		
33,395,000 (2023: 33,395,000) ordinary shares of £1 each	**33,395**	33,395

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

17 Employee benefits costs

	2024	2023
	£'000	£'000
Staff costs for the company during the year		
Wages and salaries	**10,567**	9,656
Social security costs	**1,131**	1,079
Other pension costs (note 18)	**1,442**	1,275
	13,140	12,010

Notes to the financial statements (continued)

17 Employee benefits costs (continued)

Average monthly number of people (including executive directors) employed:

By business	2024 Number	2023 Number
Traffic	**127**	123
Commercial	**32**	29
Administration	**53**	48
Total	**212**	200

Directors

	2024 £'000	2023 £'000
Aggregate emoluments – amounts payable and accrued	**1,574**	1,655

No retirement benefits are accruing under a defined benefit pension scheme (2023: one). Payments to a defined contribution scheme in respect of four directors (2023: three) were £59,000 (2023: £31,000).

Highest paid director

	2024 £'000	2023 £'000
Aggregate emoluments:		
Salary (including incentive payments and benefits in kind)	**549**	631
Defined benefit pension scheme:		
Accrued pension at end of year	-	-
Accrued lump sum at end of year	-	-

Notes to the financial statements (continued)

18 Retirement benefit asset

Newcastle International Airport Limited is an admitted body to the Tyne and Wear Pension Fund (TWPF). The scheme is of the defined benefit type.

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

With effect from 31 December 2002 the Fund was closed to new entrants. Accordingly, under the projected unit method of actuarial valuation the current service cost will, all else being equal, increase as members approach retirement.

The company also runs a defined contribution scheme for the benefit of new employees. Contributions in the year amounted to £946,000 (2023: £721,000).

The valuation used for the disclosures has been based on the most recent available actuarial valuation which was performed as at 31 March 2022. The amounts set out below are derived from the company's allocation of the Tyne and Wear County Pension Fund.

Defined benefit plans

The principal actuarial assumptions used were as follows:	**2024**	2023
	%	%
Rate of increase in pensionable salaries	**3.10**	3.00
CPI linked pension increases	**2.80**	2.70
Discount rate	**5.50**	4.45
RPI inflation assumption	**3.20**	3.10
CPI inflation assumption	**2.80**	2.70
Deferred revaluation	**2.80**	2.70
Post-88 GMP increases (CPI inflation limited to 3% p.a.)	**2.30**	2.25

The following table shows assumed life expectancies, for example members. The underlying mortality tables at 31 December 2024 are based on the published SAPS 3 Heavy "Normal Health" base tables with future improvements in line with CMI 2023, a smoothing factor of 7.0, an initial addition of 0.50% p.a., a 1.25% p.a. long-term improvement rate, a w2020 parameter of 0%, a w2021 parameter of 0%, a w2022 parameter of 25% and a w2023 parameter of 25%. The life expectancies below are based on these assumptions.

	2024	2023
	Years	Years
Future pensioner aged 65 in 20 periods (male)	**21.8**	21.6
Future pensioner aged 65 in 20 periods (female)	**25.0**	24.7
Current pensioner aged 70 (male)	**16.5**	16.3
Current pensioner aged 70 (female)	**19.2**	19.0

At 31 December 2024, members have been assumed to take 75% of the maximum allowable amount of tax-free cash at retirement. The remaining demographic assumptions at 31 December 2024 are the same as those used for the full triennial valuation at 31 March 2022.

Notes to the financial statements (continued)

18 Retirement benefit asset (continued)

The valuation used for the disclosures is based on the most recent available actuarial valuation which was performed as at 31 March 2022. The amounts set out in the following pages are derived from the company's allocation of the TWPF.

Assessment of the liabilities and costs

The assessed liabilities depend on the benefits payable from the TWPF in the future. The benefits are set out under the rules of the Local Government Pension Scheme (LGPS), of which the TWPF is one. Final salary accrual in the TWPF at a rate of 60ths ceased on 1 April 2014, with pension accrued up to that date continuing to be linked to final salary. Accrual after 1 April 2014 is based on career average revalued earnings (CARE) with an accrual rate of 49ths, but a final salary underpin applies to certain qualifying members for service until 31 March 2022 (with the McCloud remedy implementation due to extend the breadth of such qualifying members).

The company's defined benefit obligation is its share of the liabilities in the TWPF, calculated by reference to their membership, which can be separately identified. The duration of the company's defined benefit obligation is estimated to be around 13 years (2023: 14 years).

Assets

The company is allocated a share of the total assets held by the TWPF, and this allocation is updated following every triennial funding valuation.

Contributions

Contributions are assessed in accordance with the advice of qualified actuaries. Specifically, the actuary will determine a primary contribution rate in respect of future service and a secondary rate in respect of any deficit. The Airport made contributions into the TWPF of £335,000 over the year ending 31 December 2024.

Other information

Pensions in payment are generally updated in line with the Consumer Price Index. The majority of benefit payments are from the TWPF assets, however there are a small number of unfunded benefits where the company meets the benefit payment obligation as it falls due.

Responsibility for governance, funding strategy, investment decisions and contribution schedules lies with the Tyne and Wear local authority. The funded nature of the LGPS requires the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets in line with the 31 March 2022 valuation.

Notes to the financial statements (continued)

18 Retirement benefit asset (continued)

Reconciliation of defined benefit obligation

	2024	2023 (restated*)
	£'000	£'000
Defined benefit obligation at 1 January	103,581	100,192
Current service cost	457	515
Interest cost	4,341	4,569
Past service cost	-	-
Employee contributions	151	167
Actuarial (gain)/loss	(10,610)	1,978
Benefits and expenses paid	(7,090)	(5,043)
Experience (gain)/loss on liabilities	(107)	1,203
Defined benefit obligation at 31 December	90,723	103,581

Reconciliation of assets over the year

	2024	2023
	£'000	£'000
Plan assets at 1 January	123,483	124,943
Interest income	5,349	5,888
Return on plan assets, excluding amounts included in net interest cost	1,676	(2,747)
Administration expenses	(39)	(39)
Employer contributions	335	314
Member contribution	151	167
Benefits and expenses paid	(7,090)	(5,043)
Plan assets on 31 December	123,865	123,483
Actual return on assets	7,025	3,141

The amounts recognised in the balance sheet are determined as follows:

	2024	2023 (restated*)
	£'000	£'000
Present value of scheme liabilities	(90,723)	(103,581)
Total market value of plan assets	123,865	123,483
Surplus	33,142	19,902
IFRIC 14 adjustment / effect of asset ceiling	(9,157)	(10,507)
Net asset recognised in the balance sheet	23,985	9,395

* Please refer to note 23 for details of the prior year restatement.

Notes to the financial statements (continued)

18 Retirement benefit asset (continued)

Change in asset ceiling during the period	2024	2023
	£'000	£'000
Asset ceiling at the beginning of the period	10,507	13,258
Interest on effect of asset ceiling	468	636
Movement in asset ceiling (after allowing for interest)	(1,818)	(3,387)
Asset ceiling at the end of the period	9,157	10,507

The amounts recognised in the income statement are as follows:	2024	2023
	£'000	£'000
Current service cost	457	515
Administration cost	39	39
Net interest income	(1,008)	(1,319)
Interest on effect of asset ceiling	468	636
Total income	(44)	(129)

The total credit has been allocated between staff costs and net finance costs.

Analysis of the movement in the balance sheet asset	2024	2023 (restated*)
	£'000	£'000
At 1 January	9,395	11,493
Total income as above	44	129
Actuarial gain/(loss) recognised in other comprehensive income/(expense)	14,211	(2,541)
Contributions paid	335	314
At 31 December	23,985	9,395

Amounts recognised in the Statement of comprehensive income/(expense) are as follows:	2024	2023 (restated*)
	£'000	£'000
(Return)/loss on plan assets (excluding amounts included in net interest expense)	1,676	(2,747)
Experience (gain)/loss on liabilities	107	(1,203)
Actuarial (gain)/loss arising from changes in assumptions	10,610	(1,978)
Movement in irrecoverable surplus (after allowing for interest)	1,818	3,387
Re-measurement of the net benefit asset	14,211	(2,541)

* Please refer to note 23 for details of the prior year restatement.

Notes to the financial statements (continued)

18 Retirement benefit asset (continued)

The assumptions loss for FY24 can be broken down into a £11,055,000 gain due to changes in the financial assumptions and a £445,000 loss due to changes in the demographic assumptions.

The cumulative amount recognised in the Statement of comprehensive income since 1 January 2004 is a gain of £32,634,000 (2023 restated: gain of £18,423,000).

Expected contributions to pension plans in 2025 are £330,000 to be paid by the Airport and £134,000 to be paid by the Airport's employees who are members of the fund.

Major categories of plan assets are as follows:	2024	2023
UK equities	7%	7%
Overseas equities	30%	32%
Bonds	24%	25%
Property	11%	10%
Infrastructure	6%	6%
Private equity	12%	11%
Private debt	7%	7%
Cash	1%	1%
Alternatives	2%	1%

The asset splits at 31 December 2023 and 31 December 2024 are based on the estimated breakdowns provided by the TWPF. These assets are pooled and therefore not explicitly quoted. Multi Asset Credit has been included in Bonds and climate opportunities have been included in Alternatives.

The sensitivity of the defined benefit obligation at 31 December 2024 to changes in the assumptions used is as follows (in each case with all other assumptions equal):

A 0.1% increase in the discount rate would decrease the liability by £1,049,000 (2023: £1,305,000). A 0.1% decrease in the discount rate would increase the liability by £1,069,000 (2023: £1,334,000).

A 0.1% increase in the inflation assumption would increase the liability by £1,023,000 (2023: £1,259,000). A 0.1% decrease in the inflation assumption would decrease the liability by £1,009,000 (2023: £1,244,000).

A 1 year increase in the life expectancy would increase the liability by £2,575,000 (2023: £3,469,000). A 1 year decrease in the life expectancy would decrease the liability by £2,489,000 (2023: £3,051,000).

These sensitivity figures have been calculated by approximately switching the Defined Benefit Obligation using summary characteristics of the membership.

Risks and uncertainties

Through its participation in the Fund the company is exposed to a number of risks, the most significant of which are detailed below. As the company's share of assets and liabilities are pooled within a large fund, the risks are likely to be less volatile than if it were sponsoring its own defined benefit pension scheme.

Notes to the financial statements (continued)

18 Retirement benefit asset (continued)

Asset volatility

The Fund liabilities on the balance sheet are calculated using a discount rate set with reference to corporate bond yields; if Fund assets underperform this yield, this will create a deficit. A significant proportion of the Fund is held in equities which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Market yields

A decrease in corporate bond yields will increase Fund liabilities although this would be partially offset by an increase in the value of the Fund's bond holdings. The majority of the TWPF's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the TWPF's assets are either unaffected by or loosely correlated with inflation, e.g. fixed interest bonds and equities, respectively, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the company's liabilities.

Participation in a local government scheme

The company is one participant in a much larger scheme, the TWPF. This means that the company has little say over the governance, contribution levels and investment strategy of the TWPF. However, the TWPF has the scale to access good quality advice and investment opportunities through the pooled nature of the TWPF.

Exiting employers may be liable to pay an exit payment based on the liabilities of their current and former employees on a low-risk basis. If for any reason it is not possible to obtain all or part of an exit payment due from an exiting employer not associated with a council, or from an insurer, or any person providing an indemnity, bond or guarantee on behalf of the exiting employer, the TWPF's administering authority can approach all other remaining employers in the Fund for a proportionate share of the outstanding payment. The TWPF's administering authority has discretion over whether an exit credit is payable to a specific employer if its exit valuation shows an actuarial surplus as determined by the Fund actuary. The company's actuary estimates that it is in a significant surplus position in respect of its defined benefit obligation measured on a low-risk basis at 31 December 2024 and the Airport's accounting surplus is restricted by an asset ceiling with reference to this.

Virgin media pensions case ruling

In July 2024 the Court of Appeal upheld a June 2023 High Court ruling that may have consequences for some defined benefit pension schemes. The case, brought by the trustees of the NTL Pension Scheme against Virgin Media Ltd, considered the implications of section 37 (s37) of the Pension Schemes Act 1993, which required an actuary to certify amendments to scheme benefits for contracted-out schemes. Under section 9(2B) of the Act, schemes that were contracted out of the additional state pension were required to provide benefits at least equivalent to a minimum level laid out in a hypothetical "reference scheme". This was known as the reference scheme test. When amendments were subsequently made, s37 of the Act required scheme actuaries to certify that the scheme still met this standard. According to the court's decision, any amendments to scheme benefits that affect members' section 9(2B) rights during the relevant period will be void unless confirmation from the scheme actuary was obtained, in writing, when the amendment was made.

Notes to the financial statements (continued)

18 Retirement benefit asset (continued)

Virgin media pensions case ruling (continued)

The ruling may affect the TWPF but there remain continuing uncertainties in relation to the ruling's potential implications for the LGPS. The LGPS Scheme Advisory Board has not made an assessment of its impact (if any) for the LGPS, but is engaging with HM Treasury. It is understood that HM Treasury is still assessing the implications.

19 Contingent liabilities and assets

The company is subject to a cross guarantee between all group companies in connection with the senior debt raised by itself and its fellow group company NIAL Finance Limited. The total amount of this debt at the year end was £240,370,000 (2023: £238,000,000).

20 Capital and other financial commitments

	2024	2023
	£'000	£'000
Contracts placed for future expenditure on property, plant and equipment not provided in the financial statements	7,009	1,683

21 Ultimate parent undertaking and related party transactions

Newcastle Airport Local Authority Holding Company Limited, incorporated in England and Wales, is the ultimate controlling party and the parent undertaking of the largest company to consolidate these financial statements. NIAL Group Limited is the parent undertaking of the smallest group to consolidate these financial statements. The registered address of Newcastle Airport Local Authority Holding Company Limited is Town Hall, South Shields, NE33 2RL. Copies may be obtained from the company secretary at the address noted on page 1.

Details of loans given by the company to NIAL Finance Limited are set out in note 9.

Other intercompany balances are general trading balances and are performed on an arm's length basis.

During the year, Newcastle International Airport Limited was charged fees by the Airport Operators Association Limited amounting to £9,470 (2023: £42,759).

The company invoiced £17,814 (2023: £11,158) for fire training courses delivered to London Luton Airport Operations Limited staff during the year, the total amount was outstanding on 31 December 2024.

Notes to the financial statements (continued)

22 Subsidiaries

Particulars of subsidiary undertakings

Newcastle International Airport Limited owns 100% of the ordinary voting shares of Samson Aviation Services Limited, NIAL Services Limited and Newcastle Park & Fly Limited. All companies are registered and operate in England and Wales.

The principal activity of Samson Aviation Services Limited is the operation of facilities and services for business and private aviation. NIAL Services Limited provides services to third parties and other group companies. The principal activity of Newcastle Park & Fly Limited is the operation of the car parking facilities.

The registered address of Samson Aviation Services Limited is General Aviation Terminal, Southside, Newcastle International Airport, Woolsington, Newcastle upon Tyne, NE13 8BT.The registered address of NIAL Services Limited and Newcastle Park & Fly Limited is Unit 1, Prestwick Industrial Estate, Ponteland, Newcastle upon Tyne, NE20 9DA.

23 Prior year restatement to the financial statements

During the current year, management discovered that historical unfunded pension liabilities were excluded from the latest triennial valuation and year-end IAS19 figures. The prior year financial statements have been restated to correct this prior period error. The restatement impact was a reduction in retained earnings by £2,600,000 and a decrease in the retirement benefit asset of £2,600,000 as detailed below.

	Retirement benefit asset previously reported	Restatement	Retirement benefit asset restated
	£'000	£'000	£'000
At 1 January 2023	14,093	(2,600)	11,493
At 31 December 2023	11,995	(2,600)	9,395

	Retained earnings previously reported	Restatement	Retained earnings restated
	£'000	£'000	£'000
At 1 January 2023	57,779	(2,600)	55,179
At 31 December 2023	77,180	(2,600)	74,580