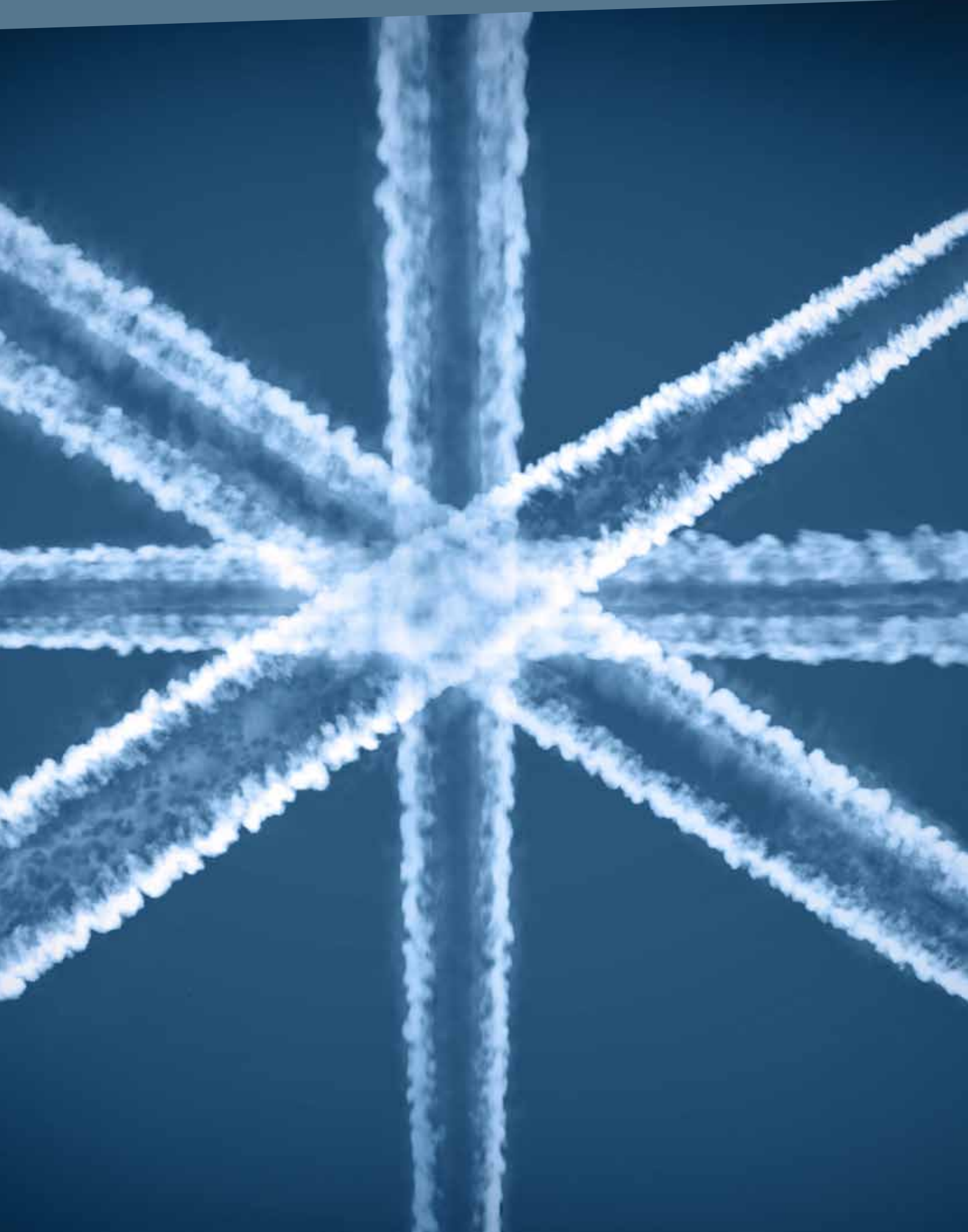


# 2014-15



## M.A.G.I.L INTERIM REPORT AND ACCOUNTS

Six months ended 30 September 2014





# CONTENTS

	OUR BUSINESS	04
	REPORT AND FINANCIAL STATEMENTS	
	ACCOUNTING POLICIES	06
	CONSOLIDATED INCOME STATEMENT	
	For the six months ended 30 September 2014	08
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	
	For the six months ended 30 September 2014	10
	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	
	For the six months ended 30 September 2014	10
	For the six months ended 30 September 2013	11
	For the year ended 31 March 2014	11
	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
	As at 30 September 2014	12
	CONSOLIDATED STATEMENT OF CASH FLOWS	
	As at 30 September 2014	13
	NOTES TO THE FINANCIAL STATEMENTS	
	For the six months ended 30 September 2014	14





# OUR BUSINESS

Manchester Airport Group Investments Limited (M.A.G.I.L) is a wholly owned subsidiary of Manchester Airports Holdings Limited (M.A.H.L). M.A.H.L is the largest UK-owned airport operator, serving 46 million passengers and handling 640,000 tonnes of air freight every year through its ownership of Manchester, London Stansted, East Midlands and Bournemouth airports. Its property and facilities management arm, M.A.G Developments, is responsible for the Group's estate.

M.A.H.L's overall strategic intent is to increase long-term shareholder value by generating profitable growth, developing its assets and deploying efficient and customer focused operating processes throughout the business.

M.A.H.L is a private company, with shareholdings held by the Council of the City of Manchester (35.5%), IFM Investors (35.5%) and the nine remaining Greater Manchester local authorities (29%).

For further details on the performance of the overall Group for the six months to September 2014 refer to the M.A.H.L Interim Report and Accounts.

## 6 ACCOUNTING POLICIES

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### BASIS OF ACCOUNTING

These financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the EU and with those parts of the Companies Act applicable to companies reporting under adopted IFRS. The historical cost convention is applicable to these financial statements with the exception of investment properties, financial instruments and employee benefit scheme assets and obligations, which are fair valued at each reporting date.

The condensed set of interim financial statements has been prepared by the Group applying the same accounting policies and significant judgments as were applied by the Group in its published consolidated financial statements as at 31 March 2014, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, except for the following standards and interpretations which are effective for the Group from 1 April 2014:

- IFRS 10, 'Consolidated financial statements': This aims to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity to present consolidated financial statements.
- IFRS 11, 'Joint arrangements': This aims to show a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, 'Disclosures of interests in other entities': This explains the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement': This provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 27 (revised 2011), 'Separate financial statements': This outlines the accounting and disclosure requirements relating to separate financial statements, which are financial statements prepared by a parent or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments'.
- IAS 28 (revised 2011), 'Associates and joint ventures': This outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures.
- Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting: This amendment is to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendment to IAS 1, 'Presentation of items of other comprehensive income'

The adoption of these standards and interpretations hasn't had any material effect on the Group's results or net assets for the period ended 30 September 2014.

The results for the six months to 30 September 2014 have not been audited, but at the Group's request, have been reviewed by the auditors, KPMG LLP. The financial information for the full year to 31 March 2014 is an abbreviated version of the Group's annual report and accounts for that year, which has been delivered to the Registrar of Companies. The report of the Auditors was (i) unqualified, (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The preparation of these financial statements in accordance with prevailing accounting practice requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The assumptions and estimates are based on management's best knowledge of the event or actions in question, however actual results may ultimately differ from these estimates.

The accounting policies that the Group has adopted to determine the amounts included in respect of material items shown in the Statement of Financial Position, and also to determine the profit or loss, are listed in full in the Group's annual report and accounts 31 March 2014. Unless stated otherwise, these have been applied on a consistent basis.

The current economic conditions create uncertainty particularly over passenger numbers, which has a direct impact on income. The Group has strong sustained margins together with the ability to manage its investment program according to affordability and business performance.

At the interim period ended 30 September 2014, M.A.G.I.L had £1,182m (31 March 2014: £1,182m) of committed facilities and a net debt position of £890.8m (31 March 2014: £885.8m). M.A.G.I.L had financial headroom in excess of £200m at 30 September 2014, a level comfortably in excess of the internal compliance target.

Under existing facilities and based on the board approved five-year business plan M.A.G.I.L is forecast to have financial headroom in excess of £200m throughout 2014-15.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report and financial statements.

## CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six months ended 30 September 2014 £m	Six months ended 30 September 2014 £m	Six months ended 30 September 2014 £m
		Before significant items	Significant items	After significant items
<b>Continuing operations</b>				
Revenue	1	421.4	-	421.4
<b>Result from operations before significant items</b>	4	119.4	-	119.4
<b>Significant items</b>				
Integration costs	3	-	-	-
Impairment of property, plant and equipment	3	-	-	-
Restructuring costs	3	-	(7.9)	(7.9)
<b>Result from operations</b>		119.4	(7.9)	111.5
Movement in investment property fair values		-	-	-
Movement in fair value of interest rate swaps		-	-	-
Finance income		0.1	-	0.1
<b>Finance costs</b>				
(Loss)/gain on settlement of interest rate swaps	3	-	(3.9)	(3.9)
Finance costs		(21.3)	-	(21.3)
Finance costs – amortisation of issue costs	3	-	(4.6)	(4.6)
<b>Result before taxation</b>		98.2	(16.4)	81.8
<b>Taxation</b>	5	(29.3)	3.4	(25.9)
<b>Result from continuing operations</b>		68.9	(13.0)	55.9



Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m	Year ended 31 March 2014 £m	Year ended 31 March 2014 £m
	Before significant items	Significant items	After significant items
390.0	671.2	-	671.2
108.2	121.0	-	121.0
(2.4)	-	(2.4)	(2.4)
-	-	(7.2)	(7.2)
-	-	(2.2)	(2.2)
105.8	121.0	(11.8)	109.2
-	19.9	-	19.9
22.8	-	20.0	20.0
0.2	-	-	-
-	-	4.1	4.1
(15.5)	(32.7)	-	(32.7)
-	-	(5.9)	(5.9)
113.3	108.2	6.4	114.6
(5.9)	25.2	(2.6)	22.6
107.4	133.4	3.8	137.2

## 10 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Result for the period</b>		<b>55.9</b>	107.4	137.2
Actuarial (loss)/gain on retirement benefit liabilities	10	(30.0)	10.2	36.1
Deferred tax on retirement benefits actuarial movements	5	6.0	(2.1)	(7.2)
Effect of change in rate of corporation tax on deferred tax	5	-	(0.9)	(1.4)
<b>Other comprehensive (expense)/income for the period</b>		<b>(24.0)</b>	7.2	27.5
<b>Total comprehensive income for the period</b>		<b>31.9</b>	114.6	164.7

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Attributable to equity holders of the Company				Total £m
	Share capital £m	Share premium £m	Other reserve £m	Reserves £m	
Balance at 1 April 2014	0.3	2,493.9	(1,249.4)	687.4	1,932.2
Profit for the period	-	-	-	55.9	55.9
Defined benefit actuarial loss net of tax	-	-	-	(24.0)	(24.0)
<b>Balance at 30 September 2014</b>	<b>0.3</b>	<b>2,493.9</b>	<b>(1,249.4)</b>	<b>719.3</b>	<b>1,964.1</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *continued*

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Attributable to equity holders of the Company				Total £m
	Share capital £m	Share Premium £m	Other reserve £m	Reserves £m	
Balance at 1 April 2013	0.3	2,493.9	(1,249.4)	522.7	1,767.5
Profit for the period	-	-	-	107.4	107.4
Defined benefit actuarial gain net of tax	-	-	-	8.1	8.1
Effect of change in rate of corporation tax on deferred tax	-	-	-	(0.9)	(0.9)
<b>Balance at 30 September 2013</b>	<b>0.3</b>	<b>2,493.9</b>	<b>(1,249.4)</b>	<b>637.3</b>	<b>1,882.1</b>

### FOR THE YEAR ENDED 31 MARCH 2014

	Attributable to equity holders of the Company				Total £m
	Share capital £m	Share Premium £m	Other reserve £m	Reserves £m	
At 1 April 2013	0.3	2,493.9	(1,249.4)	522.7	1,767.5
Profit for the year	-	-	-	137.2	137.2
Defined benefit actuarial gain net of tax	-	-	-	28.9	28.9
Effect of change in rate of corporation tax on deferred tax	-	-	-	(1.4)	(1.4)
<b>Balance at 31 March 2014</b>	<b>0.3</b>	<b>2,493.9</b>	<b>(1,249.4)</b>	<b>687.4</b>	<b>1,932.2</b>

## 12 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Note	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	2,339.6	2,354.6	2,357.9
Intangible assets		40.0	30.0	40.0
Goodwill		166.3	166.3	166.3
Investment properties		593.0	566.7	592.1
Derivative financial assets		-	-	3.4
Deferred tax assets	11	16.5	19.5	12.2
		<b>3,155.4</b>	<b>3,137.1</b>	<b>3,171.9</b>
<b>Current assets</b>				
Inventories		1.4	1.4	1.3
Trade and other receivables		101.4	91.6	70.9
Amounts owed by group companies		179.1	69.8	105.9
Cash and cash equivalents		-	72.4	17.9
		<b>281.9</b>	<b>235.2</b>	<b>196.0</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Bank overdrafts		(0.4)	-	-
Trade and other payables		(144.8)	(123.3)	(142.4)
Deferred income		(19.7)	(21.5)	(18.3)
Amounts owed to group companies		-	(8.1)	-
Current tax liabilities		(39.7)	(35.2)	(11.5)
		<b>(204.6)</b>	<b>(188.1)</b>	<b>(172.2)</b>
<b>Net current assets</b>		<b>77.3</b>	<b>47.1</b>	<b>23.8</b>
<b>Non-current liabilities</b>				
Borrowings	7	(890.4)	(887.0)	(889.6)
Derivative financial liabilities	7	-	(12.9)	(17.5)
Retirement benefit liabilities	10	(70.9)	(66.0)	(40.2)
Deferred tax liabilities	11	(293.4)	(321.4)	(302.0)
Other non-current liabilities		(13.9)	(14.8)	(14.2)
		<b>(1,268.6)</b>	<b>(1,302.1)</b>	<b>(1,263.5)</b>
<b>Net assets</b>		<b>1,964.1</b>	<b>1,882.1</b>	<b>1,932.2</b>
<b>Shareholders' equity</b>				
Share capital		0.3	0.3	0.3
Share premium		2,493.9	2,493.9	2,493.9
Other reserve		(1,249.4)	(1,249.4)	(1,249.4)
Retained earnings		719.3	637.3	687.4
<b>Total equity</b>		<b>1,964.1</b>	<b>1,882.1</b>	<b>1,932.2</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### AS AT 30 SEPTEMBER 2014

Note	Six months ended	Six months ended	Six months ended	Six months ended	Year ended	Year ended	Year ended
	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2013	31 March 2014	31 March 2014	31 March 2014
	£m	£m	£m	£m	£m	£m	£m
	Before significant items	Significant items	After significant items		Before significant items	Significant items	After significant items
<b>Cash flows from operating activities:</b>							
	98.2	(16.4)	81.8	113.3	108.2	6.4	114.6
Result before taxation – continuing operations							
Change in value of investment properties	-	-	-	-	(19.9)	-	(19.9)
Movement in fair value of interest rate swaps	-	-	-	(22.8)	-	(20.0)	(20.0)
Loss/(gain) on settlement of interest rate swaps	-	3.9	3.9	-	-	(4.1)	(4.1)
Net finance income and expense	21.2	-	21.2	15.3	32.7	-	32.7
Amortisation of issue costs	-	4.6	4.6	-	-	5.9	5.9
Depreciation and amortisation	63.5	-	63.5	60.1	120.9	7.2	128.1
(Loss)/profit on sale of property, plant and equipment	-	-	-	(0.1)	1.4	-	1.4
Increase in trade and other receivables and inventories	(102.5)	-	(102.5)	(84.7)	(85.9)	-	(85.9)
Release of grants	(0.4)	-	(0.4)	(0.3)	(0.7)	-	(0.7)
Increase/(decrease) in trade and other payables	17.8	-	17.8	(1.7)	6.2	-	6.2
Increase/(decrease) in retirement benefits provision	0.7	-	0.7	(2.9)	(1.2)	-	(1.2)
<b>Cash generated from operations</b>	<b>98.5</b>	<b>(7.9)</b>	<b>90.6</b>	<b>76.2</b>	<b>161.7</b>	<b>(4.6)</b>	<b>157.1</b>
Interest paid			(23.4)	(13.9)			(51.3)
Interest received			0.1	0.2			-
Tax paid			(4.5)	(4.7)			(12.9)
<b>Net cash from operating activities</b>			<b>62.8</b>	<b>57.8</b>			<b>92.9</b>
<b>Cash flows from investing activities</b>							
Purchase of property, plant and equipment			(58.9)	(32.3)			(122.2)
Purchase of intangible assets			-	(10.0)			(10.0)
Proceeds from sale of investment properties			-	-			0.9
<b>Net cash used in investing activities</b>			<b>(58.9)</b>	<b>(42.3)</b>			<b>(131.3)</b>

## 14 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### CONSOLIDATED STATEMENT OF CASH FLOWS *continued* AS AT 30 SEPTEMBER 2014

	Six months ended 30 Sept 2014 £m Before significant items	Six months ended 30 Sept 2014 £m Significant items	Six months ended 30 Sept 2014 £m After significant items	Six months ended 30 Sept 2013 £m	Year ended 31 March 2014 £m Before significant items	Year ended 31 March 2014 £m Significant items	Year ended 31 March 2014 £m After significant items
<b>Cash flows from financing activities</b>							
Increase in other borrowings			355.8	-			445.3
Repayment of loans and borrowings			(360.0)	-			(450.0)
Cash (outflow)/inflow on settlement of interest rate swaps <sup>1</sup>			(18.0)	-			4.1
<b>Net cash used in financing activities</b>			<b>(22.2)</b>	-			<b>(0.6)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	12		<b>(18.3)</b>	15.5			<b>(39.0)</b>
Cash and cash equivalents at beginning of period			7.9	56.9			56.9
<b>Cash and cash equivalents at end of period</b>			<b>(0.4)</b>	72.4			17.9

NOTE:

<sup>1</sup> In April 2014 the Group terminated all of the remaining fixed interest rate swaps recognised on the Balance Sheet as at 31 March 2014 with a fair value net liability of £14.1m plus interest for the period prior to settlement of £0.3m for a total cash payment to the swap counterparties of £18.3m.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### 1. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Aviation income</b>	<b>221.2</b>	204.7	342.7
<b>Commercial income</b>			
Retail concessions	76.5	70.5	119.4
Car parking	74.1	62.6	104.4
Property and property related income	22.9	23.0	45.9
Other	26.7	29.2	58.8
<b>Total commercial income</b>	<b>200.2</b>	185.3	328.5
<b>Total income</b>	<b>421.4</b>	390.0	671.2

## 2. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is organised into five main operating divisions: Manchester Airport, M.A.G Developments, East Midlands Airport, Bournemouth Airport and London Stansted Airport. London Stansted Airport was acquired by the Group on 28 February 2013. The divisions are the basis of which the Group reports its primary information.

September 2014	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Developments	Bournemouth Airport	Group, consolidation and other <sup>3</sup>	Consolidated
	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>							
External sales	219.8	146.8	36.4	14.0	6.2	(1.8)	421.4
Inter-segment sales	(0.5)	-	-	(1.3)	-	1.8	-
<b>Total revenue</b>	<b>219.3</b>	<b>146.8</b>	<b>36.4</b>	<b>12.7</b>	<b>6.2</b>	<b>-</b>	<b>421.4</b>
<b>Result</b>							
Segment operating profit before significant items	64.9	37.4	11.2	7.0	1.4	(2.5)	119.4
<b>Other information</b>							
Segment assets	1,162.0	1,352.6	327.3	(Note 1)	83.6	511.8	3,437.3
Segment liabilities	(233.2)	(223.8)	(79.2)	(Note 1)	(9.7)	(927.3)	(1,473.2)
Capital expenditure	24.6	17.2	3.1	(Note 1)	0.3	-	45.2
Depreciation	(29.1)	(28.6)	(4.2)	(1.2)	(0.4)	-	(63.5)
Taxation	17.1	11.8	0.5	(Note 1)	0.8	(4.3)	25.9
<b>Result – geographical location<sup>2</sup></b>							
Segment operating profit before significant items	68.8	37.4	12.4	(Note 2)	3.3	(2.5)	119.4

## 16 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### 2. BUSINESS AND GEOGRAPHICAL SEGMENTS *continued*

September 2013	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Developments	Bournemouth Airport	Group, consolidation and other <sup>3</sup>	Consolidated
	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>							
External sales	199.0	138.4	33.8	14.2	6.4	(1.8)	390.0
Inter-segment sales	(0.4)	-	-	(1.4)	-	1.8	-
<b>Total revenue</b>	<b>198.6</b>	<b>138.4</b>	<b>33.8</b>	<b>12.8</b>	<b>6.4</b>	<b>-</b>	<b>390.0</b>
<b>Result</b>							
Segment operating profit before significant items	60.0	32.0	10.0	8.0	1.0	(2.0)	109.0
<b>Other information</b>							
Segment assets	1,148.3	1,361.0	310.0	(Note 1)	(84.0)	469.0	3,372.3
Segment liabilities	(287.2)	(137.0)	(72.0)	(Note 1)	(10.0)	(984.0)	(1,490.2)
Capital expenditure	17.0	21.0	8.0	(Note 1)	-	-	46.0
Depreciation	(28.0)	(28.0)	(3.0)	(1.0)	-	-	(60.0)
Taxation	(4.0)	(2.0)	1.0	(3.0)	-	1.0	(7.0)
<b>Result – geographical location<sup>2</sup></b>							
Segment operating profit before significant items	65.0	32.0	11.0	(Note 2)	3.0	(2.0)	109.0

NOTES:

- <sup>1</sup> The Group's reporting structure is such that the assets and liabilities of M.A.G Developments are included in the Manchester Airport Statement of Financial Position.
- <sup>2</sup> For management accounting purposes M.A.G reports property income (excluding London Stansted) within the M.A.G Developments division. For statutory purposes property income is reported in the subsidiary companies depending on the geographical location of the investment properties. The table shows how profit from operations would appear with property reported by geographical location.
- <sup>3</sup> Group consolidation and other includes "Groupco" and "Head Office", other subsidiary companies and balances arising on consolidation, which are not specific to the other main operating divisions. Assets include goodwill and fair value adjustments arising on consolidation, liabilities include the borrowings and derivative financial liabilities, further details of these items are in Note 7 Borrowings and Derivative Financial Liabilities.



## 3. SIGNIFICANT ITEMS

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Recorded in result from operations:</b>			
Integration costs <sup>1</sup>	-	2.4	2.4
Impairment of property, plant and equipment <sup>2</sup>	-	-	7.2
Restructuring costs <sup>3</sup>	7.9	-	2.2
<b>Total recorded in result from operations</b>	<b>7.9</b>	<b>2.4</b>	<b>11.8</b>
<b>Recorded in finance cost:</b>			
Amortisation of issue costs <sup>4</sup>	4.6	-	5.9
<b>Total recorded in finance cost</b>	<b>4.6</b>	<b>-</b>	<b>5.9</b>
<b>Recorded in result before taxation:</b>			
Net loss/(gain) on settlement of interest rate swaps <sup>5</sup>	3.9	-	(4.1)
Movement in fair value of interest rate swaps <sup>6</sup>	-	(22.8)	(20.0)
<b>Total recorded in result before taxation</b>	<b>3.9</b>	<b>(22.8)</b>	<b>(24.1)</b>
<b>Total significant items</b>	<b>16.4</b>	<b>(20.4)</b>	<b>(6.4)</b>

## NOTES:

1 **Integration costs**

Integration costs of £nil (31 March 2014: £2.4m) relate to the separation of London Stansted processes and systems from its previous owner.

2 **Impairment of property plant and equipment**

Impairment of £7.2m in the prior year following the assets being removed at London Stansted as part of the wider terminal transformation project.

3 **Restructuring costs**

Restructuring costs of £7.9m (31 March 2014: £2.2m) have been incurred in respect of an organisational efficiency programme. The costs include severance pay and exceptional pension contributions.

4 **Amortisation of issue costs**

Following the restructuring and refinancing of the Group, unamortised issue costs of £4.6m (31 March 2014: £5.9m) were written off following settlement of £360.0m (31 March 2014: £450.0m) of the Senior Secured Term Facility. This charge has had no cash flow consequences in the period.

5 **Net loss/(gain) on settlement of interest rate swaps**

This represents the net loss/(gain) on settlement of interest rate swaps – see cash flow.

6 **Movement in fair value of interest rate swaps**

This represents the fair value of interest rate swaps that are classified as fair value through the profit and loss.

## 18 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### 4. RESULT FROM OPERATIONS

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Turnover</b>	<b>421.4</b>	390.0	671.2
Wages and salaries <sup>1</sup>	(68.7)	(60.9)	(129.6)
Social security costs	(5.8)	(5.5)	(10.8)
Pension costs	(8.7)	(6.0)	(13.1)
Employee benefit costs	(83.2)	(72.4)	(153.5)
Depreciation	(63.5)	(60.1)	(120.9)
(Loss)/profit on disposal of fixed assets	-	(0.1)	1.4
Other operating charges <sup>2</sup>	(155.3)	(149.2)	(277.2)
<b>Result from operations before significant items</b>	<b>119.4</b>	108.2	121.0

NOTES:

1 Wages and salary costs are disclosed before restructuring costs amounting to £7.9m (31 March 2014: £2.2m) which are reported separately – see Note 3.

2 Other operating charges includes maintenance, rent, rates, utilities and other operating expenses.

## 5. TAXATION

## ANALYSIS OF CHARGE IN THE PERIOD

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Current taxation</b>			
UK corporation tax on profits for the period	32.8	36.5	30.6
Adjustment in respect of prior period	-	(0.3)	(5.2)
<b>Total current taxation</b>	<b>32.8</b>	<b>36.2</b>	<b>25.4</b>
<b>Deferred taxation</b>			
Temporary differences arising in the period	(7.1)	(0.6)	0.3
Adjustment in respect of prior period	0.2	-	(4.4)
Effect of change in rate of corporation tax	-	(29.7)	(43.9)
<b>Total ordinary deferred taxation</b>	<b>(6.9)</b>	<b>(30.3)</b>	<b>(48.0)</b>
<b>Total ordinary taxation charge/(credit)</b>	<b>25.9</b>	<b>5.9</b>	<b>(22.6)</b>

Of the total tax charge in the period, £3.4m credit relates to Significant items in the Consolidated Income Statement (six months ended 30 September 2013: £4.2m charge, year ended 31 March 2014: £2.6m charge).

## TAXATION ON ITEMS CHARGED TO EQUITY

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Deferred taxation on actuarial losses and gains	(6.0)	2.1	7.2
Effect of change in rate of Corporation tax	-	0.9	1.4
<b>Total taxation charge</b>	<b>(6.0)</b>	<b>3.0</b>	<b>8.6</b>

The Finance Bill 2013 was substantively enacted on 2 July 2013 and included a reduction in the rate of Corporation tax from 1 April 2015 of 1% to 20%. Deferred tax balances have been calculated at 20% on the basis that they are expected to unwind at this rate.

## 20 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### 6. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and property	Long leasehold property	Airport infrastructure	Plant, fixtures and equipment	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m
<b>Cost</b>						
At 1 April 2014	193.6	428.0	2,015.8	502.4	82.9	3,222.7
Additions	-	10.0	0.3	0.7	34.2	45.2
Reclassification	-	-	5.6	6.6	(12.2)	-
Disposals	-	-	-	-	-	-
<b>At 30 September 2014</b>	<b>193.6</b>	<b>438.0</b>	<b>2,021.7</b>	<b>509.7</b>	<b>104.9</b>	<b>3,267.9</b>
<b>Depreciation</b>						
At 1 April 2014	59.1	110.0	333.2	362.5	-	864.8
Charge for the period	-	21.0	20.7	21.8	-	63.5
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 30 September 2014</b>	<b>59.1</b>	<b>131.0</b>	<b>353.9</b>	<b>384.3</b>	<b>-</b>	<b>928.3</b>
<b>Carrying amount</b>						
<b>At 30 September 2014</b>	<b>134.5</b>	<b>307.0</b>	<b>1,667.8</b>	<b>125.4</b>	<b>104.9</b>	<b>2,339.6</b>
At 31 March 2014	134.5	318.0	1,682.6	139.9	82.9	2,357.9

## 7. BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES

	Note	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Bank loans	8	89.0	887.0	444.3
Bonds	9	801.4	-	445.3
Derivative financial liabilities – interest rate swaps		-	12.9	17.5
		<b>890.4</b>	<b>899.9</b>	<b>907.1</b>
Borrowings are repayable as follows:				
<b>In one year or less, or on demand</b>				
Bank loans	8	-	-	-
Derivative financial liabilities – interest rate swaps		-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>
<b>In more than one year</b>				
Bank loans	8	89.0	887.0	444.3
Bonds	9	801.4	-	445.3
Derivative financial liabilities – interest rate swaps		-	12.9	17.5
		<b>890.4</b>	<b>899.9</b>	<b>907.1</b>

## 8. BANK LOANS

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Secured Senior Term Facility	90.0	900.0	450.0
Less: unamortised debt issue costs	(1.0)	(13.0)	(5.7)
	<b>89.0</b>	<b>887.0</b>	<b>444.3</b>

## 22 REPORT AND FINANCIAL STATEMENTS

M.A.G.I.L Interim Report and Accounts Six months ended 30 September 2014

### 9. BONDS

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
<b>Repayable by other than by instalments</b>			
M.A.G bond 4.125% £360.0m due 2024	360.0	-	-
Less: discount on issue	(1.1)	-	-
Less: unamortised debt issue costs	(2.9)	-	-
M.A.G bond 4.75% £450.0m due 2034	450.0	-	450.0
Less: discount on issue	(1.2)	-	(1.2)
Less: unamortised debt issue costs	(3.4)	-	(3.5)
	<b>801.4</b>	-	<b>445.3</b>

The Group issued a £450.0m publicly listed fixed rate secured bond on 14 February 2014 with a scheduled and legal maturity of 2034. All proceeds from the issue of the bond (net of certain issuance fees) were used to repay a portion of the Term Facility.

The Group issued a £360.0m publicly listed fixed rate secured bond on 16 April 2014 with a scheduled and legal maturity of 2024. All proceeds from the issue of the bond (net of certain issuance fees) were used to repay a portion of the Term Facility.

### 10. RETIREMENT BENEFITS

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
<b>Balance in scheme at start of period</b>	(40.2)	(77.5)	(77.1)
<b>Movement in period:</b>			
Current service cost recognised in Income Statement	(5.6)	(5.8)	(11.9)
Past service cost recognised in Income Statement	(0.6)	-	-
Contributions	6.3	8.7	16.0
Net interest expense recognised in Income Statement	(0.8)	(1.6)	(3.3)
Total re-measurements in Statement of Comprehensive Income	(30.0)	10.2	36.1
<b>Balance in scheme at end of period</b>	<b>(70.9)</b>	<b>(66.0)</b>	<b>(40.2)</b>

Related deferred tax assets on any pension deficits are reported separately under the requirements of IAS 12, 'Income taxes'.

## 11. DEFERRED TAXATION

	Deferred taxation asset £m	Deferred taxation liability £m	Total £m
At 1 April 2014	12.2	(302.0)	(289.8)
(Charge)/credit to income	(1.7)	8.6	6.9
Credit to equity	6.0	-	6.0
<b>At 30 September 2014</b>	<b>16.5</b>	<b>(293.4)</b>	<b>(276.9)</b>

## 12. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	At 1 April 2014 £m	Cash flow £m	Other non-cash movements £m	30 September 2014 £m
Cash at bank and in hand	17.9	(17.9)	-	-
Bank overdrafts	-	(0.4)	-	(0.4)
Total cash and cash equivalents (including overdrafts)	17.9	(18.3)	-	(0.4)
Current debt	-	-	-	-
Non-current debt	(889.6)	4.2	(5.0)	(890.4)
Net interest rate swap derivatives (Note 1)	(14.1)	18.3	(4.2)	-
Net debt	(885.8)	4.2	(9.2)	(890.8)

## NOTE:

1 In April 2014 the Group terminated all of the remaining fixed interest rate swaps recognised on the Balance Sheet as at 31 March 2014 with a fair value net liability of £14.1m plus interest for the period prior to settlement of £0.3m for a total cash payment to the swap counterparties of £18.3m.

