2014-15

ANNUAL REPORT AND ACCOUNTS

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Strategic Report

The directors present their strategic report for Manchester Airport Group Investments Limited for the year ended 31 March 2015.

Principal activities

Manchester Airport Group Investments Limited ('the Group') comprises the Company and its subsidiaries. The principal activities of the Group during the year were the ownership, operation and development of airport facilities in the UK. The Group's revenues were derived from aircraft and passenger handling charges, together with income from airport's commercial and retail activities and property.

Results, review of business and future outlook

The consolidated results for the year are set out on page 18.

The Company intends to continue its development of the Group as an operator of high quality airports and airport facilities, meeting the demand for air travel arising in the regions served, with a reputation for quality, customer service, value for money and a sustainable approach to development.

Principal risks and uncertainties

The key risks faced by the Company are aligned to that of Manchester Airports Holdings Limited. For more details of these risks and how they are managed please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any other significant risks for the Company.

Key performance indicators

The key performance indicators for the Company are aligned to that of Manchester Airports Holdings Limited. For more details of these KPIs please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not used any additional KPIs for the Company.

Going concern

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events, which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these accounts.

By order of the Board

Neil Thompson
Director
For and on behalf of the Board of Directors
10 July 2015

Directors' Report

The directors present their annual report and accounts for the year ended 31 March 2015.

Directors

The directors who held office during the year were as follows:

C Cornish
N Thompson

The Directors of the Company, who held office during the period, or thereafter, had no interest in the shares of the Group companies at any time during the year. Each person who is a director at the date of approval of this report confirms that:

(a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

There have been no changes to the Board of Directors since the year end.

Employees

Employment Policies

The Group's employment policies are regularly reviewed, refreshed where applicable and updated in agreement with the Board.

The Group is committed to treating all employees and job applicants fairly and on merit regardless of gender, sexual orientation, age, race, nationality, physical ability, political beliefs or religion. The Group does not tolerate harassment or discrimination of any kind. People with disabilities are given the same consideration as others when applying for jobs. If an employee becomes disabled every effort is made to retain them in their current role or provide retraining or redeployment within the Group.

Diversity

The Group understands that diversity in its workforce provides access to a wider range of talents and skills, promoting greater creativity and innovation. By mirroring the communities and culture that surround it the Group believes it can better understand and anticipate the diverse needs of its customer base.

M.A.G is committed to promoting inclusion and creating a positive environment where individuals are valued and respected. With this in mind, M.A.G will be increasing its focus though a new diversity and inclusion agenda with a strong emphasis on leadership awareness and capability. We will be seeking to establish greater diversity in our talent pools at all levels of the business, providing access to, and visibility of, a better mix of potential individuals. The introduction of diversity and inclusion forums will further enhance M.A.G's position as an inclusive workplace with opportunity for the talents of all employees to create value, deliver a superior client experience and develop innovative solutions for the passengers and communities we serve.

Consultation and Communication

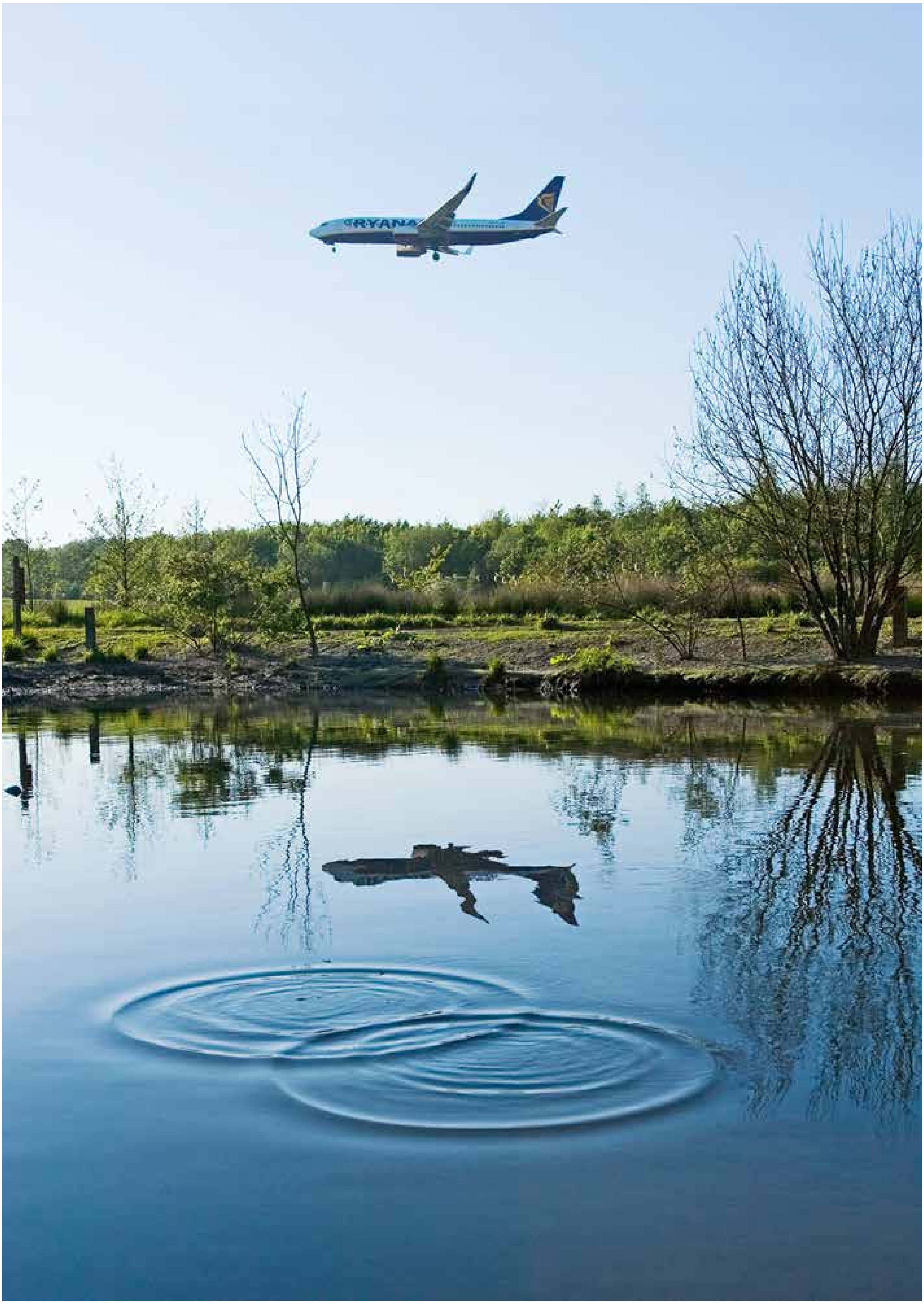
Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. During the year under review an employee survey was undertaken in which all employees had the opportunity to participate and provide their views.

The Group is constantly looking for ways to ensure that employees are able to participate and engage in the business. As part of the Trade Union recognition arrangements various employee forums exist for each business area. In addition, briefings are cascaded throughout the organisation to communicate key business and operational issues and there is a Group wide in-house magazine, which is produced on a quarterly basis.

Policy and practice on payment of creditors

The Group's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU). For other suppliers the Group's policy is to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and other legal obligations.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The payment practice applies to all payments to creditors for revenue and capital supplies of goods and services without exception. The period of credit taken by the Group at 31 March 2015 was 22 days (2014: 19 days), which has been calculated in accordance with the average number of days between date of invoice and the payment of the invoice.

Charitable and Political Donations

Charitable donations made by the Group and its subsidiaries during the year totalled £0.8m (2014: £0.9m). The donations were all made to recognised local and national charities for a variety of purposes. It is the Group's policy not to make contributions to political parties.

Annual report and accounts

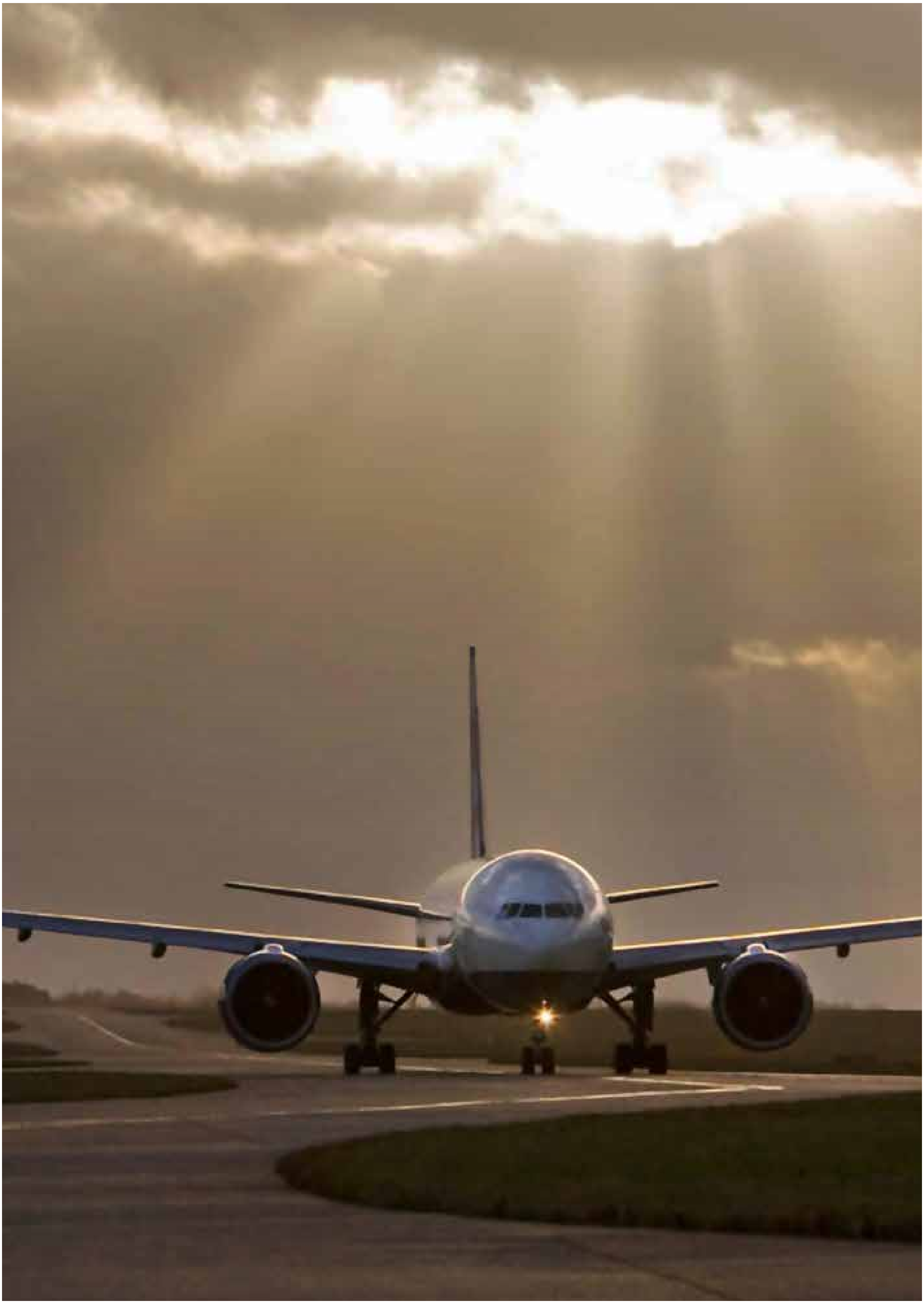
A statement by the directors as to their responsibilities for preparing the financial statements is included in the statement of directors' responsibilities on page 9.

Independent Auditor

Pursuant to the provisions of section 485 of the Companies Act 2006, a resolution relating to the reappointment of KPMG LLP as auditor will be proposed within the relevant period set out in section 485 or KPMG LLP will be deemed to be re-appointed where no such resolution is proposed following the period set out in section 485 in accordance with section 487.

By order of the Board

Neil Thompson
Director
For and on behalf of the Board of Directors
10 July 2015



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Financial Statements

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANCHESTER AIRPORT GROUP INVESTMENTS LIMITED

We have audited the Group financial statements of Manchester Airport Group Investments Limited for the year ended 31 March 2015 set out on pages 11 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Parent Company financial statements of Manchester Airport Group Investments Limited for the year ended 31 March 2015.

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Peter's Square, Manchester M2 3AE
10 July 2015

ACCOUNTING POLICIES

GENERAL INFORMATION

Manchester Airport Group Investments Limited is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Olympic House, Manchester Airport, Manchester, M90 1QX.

The principal activities of the Group are discussed within the Strategic Report.

BASIS OF PREPARATION

These consolidated 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 principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently to the periods presented unless otherwise stated.

Going concern

The current economic conditions create uncertainty particularly over passenger numbers, which has a direct impact on income. The Group has demonstrated its ability to grow operating margins together with the ability to manage its investment program according to affordability and business performance. At the year ended 31 March 2015, the Group had £1,187.5m (2014: £1,182.0m) of committed facilities and a net debt position of £906.7m (2014: £885.8m). The Group had financial headroom of £281.2m at the year-end, a level comfortably in excess of the internal compliance target. Under existing facilities and based on the board approved three-year business plan M.A.G is forecast to have financial headroom in excess of the Treasury Policy minimum target of £100m throughout 2015-16.

The Group is subject to two historical financial covenants: Net Debt/EBITDA and EBITDA less tax paid/Net Finance Charges. The covenants are tested half yearly on 31 March and 30 September. As at 31 March 2015, the Group had complied with both of the covenants and as a result of the Group's prudent financial policy there is significant covenant headroom. 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 annual report and financial statements. 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 shown below. Unless stated otherwise, these have been applied on a consistent basis.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

The following new accounting standards, amendments to standards and interpretations are adopted for the first time in the preparation of these financial statements, which were effective for the Group from 1 April 2014. The adoption of the standards and interpretations detailed below hasn't had any material effect on the Group's results or net assets for the year ended 31 March 2015.

- IFRS 10, 'Consolidated financial statements': This amendment establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements.
- IFRS 11, 'Joint arrangements': This amendment shows 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.

ACCOUNTING POLICIES continued

- IFRS 12, 'Disclosures of interests in other entities': This amendment clarifies the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IAS 27 (revised 2011), 'Separate financial statements': This amendment 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 amendment outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures.
- IFRS 13, 'Fair value measurement': This amendment provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- 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 Statement of Financial Position.
- IAS 36, 'Impairment of Assets': Amendments arising from Recoverable Amount Disclosure for Non-Financial Assets.
- IAS 39, 'Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting'.

NEW AND REVISED STANDARDS AND INTERPRETATIONS NOT APPLIED

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning on or after 1 April 2015.

- IAS 32, 'Financial Instruments Presentation': Amendments relating to the offsetting of Financial Assets and Financial Liabilities.
- IFRIC 21, 'Levies': this aims to clarify the definition of a levy and subsequent recognition as a liability.
- IAS19, 'Defined Benefit Plans: Employee contributions': this amendment introduces a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties.
- Annual Improvements to IFRS 2010-2012 Cycle.
- Annual Improvements to IFRS 2011-2013 Cycle.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's accounts. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

BASIS OF CONSOLIDATION

These consolidated accounts include the Consolidated Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and Statement of Cash Flows for Manchester Airport Group Investments Limited and all of its subsidiaries.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to direct relevant activities of an entity so as to obtain benefits from its activities.

Subsidiaries have been consolidated from the date that control commences until the date that control ceases.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty. The following revenue recognition criteria apply to the Group's main income streams:

- various passenger charges for handling and security based upon the number of departing passengers, recognised at point of departure;
- aircraft departure and arrival charges levied according to weight and time of departure/arrival, recognised at point of departure;
- aircraft parking charges based upon a combination of weight and time parked, recognised at point of departure;
- car parking income recognised at the point of exit for turn-up short and long stay parking. Contract parking and pre-book parking is recognised over the period to which it relates on a straight-line basis;
- concession income from retail and commercial concessionaries is recognised in the period to which it relates on an accruals basis;
- rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term; and
- development profits are recognised upon legal completion of contracts.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, i.e. when the Group assumes control. Control exists when the Group has the power to direct relevant activities of an entity so as obtain benefits from its activities. For acquisitions completed before 1 April 2010, attributable costs of the acquisition formed part of goodwill. For acquisitions completed after 1 April 2010, attributable costs of acquisition are expensed in the Income Statement in the period incurred.

Goodwill arising on acquisitions represents the difference between the fair value of the consideration given over the fair value of the assets, liabilities and contingent liability of an acquired entity. Positive goodwill is capitalised as an asset in the Consolidated Statement of Financial Position and is subject to annual impairment reviews or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately in the Group's Consolidated Income Statement and is not subsequently reversed.

OTHER INTANGIBLE ASSETS

Intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific assets to which it relates. Amortisation is based on the costs of an asset less its residual value. Amortisation commences when the related assets is brought into use.

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful economic life, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

If there are indications of impairment in the carrying value then the recoverable amount is estimated and compared to the carrying amount.

PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment constitute the Group's operational asset base including terminal, airfield, car parking, land, plant, and owner occupied property assets. Investment properties held to earn rentals or for capital growth are accounted for separately under IAS 40 'Investment properties'.

The Group has elected to use the cost model under IAS 16 'Property, plant and equipment' as modified by the transitional exemption to account for assets at deemed cost that were revalued previously under UK GAAP. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment is stated at cost or deemed cost less accumulated depreciation. Cost includes directly attributable own labour.

The Group does not capitalise borrowing costs into the cost of property, plant and equipment, unless the criteria under IAS 23 are met. Depreciation is provided to write off the cost of an asset on a straight-line basis over the expected useful economic life of the relevant asset.

ACCOUNTING POLICIES continued

Expected useful lives are set out below:

	Years
Freehold and long leasehold property	10 – 50
Runways, taxiways and apron	5 – 75
Mains services	7 – 100
Plant and machinery	5 – 30
Motor vehicles	3 – 7
Fixtures, fittings, tools and equipment	5 – 10

Useful economic lives are reviewed on an annual basis, to ensure they are still relevant and appropriate.

No depreciation is provided on land. Repairs and maintenance costs are written off as incurred.

Assets under construction, which principally relate to airport infrastructure are not depreciated until such time that they are available for use. If there are indications of impairment in the carrying value then the recoverable amount is estimated and compared to the carrying amount. Recoverable amount is determined as the value that will ultimately be capitalised as an asset, based upon IAS 16 recognition and capitalisation criteria.

INVESTMENT PROPERTIES

The Group accounts for investment properties in accordance with IAS 40 'Investment properties'. An investment property is one held to either earn rental income or for capital growth. The Group has elected to use the fair value model and therefore investment properties are initially recognised at cost and then revalued to fair value at the reporting date by an Independent Property Valuer. Investment properties are not depreciated. Gains or losses in fair value of investment properties are recognised in the Income Statement for the period in which they arise. Gains or losses on disposal of an investment property are recognised in the Income Statement on completion.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

IMPAIRMENT

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

LEASES

Leases are classified according to the substance of the agreement. Where substantially all the risks and rewards of ownership are transferred to the Group, a lease is classified as a finance lease. All other leases are classified as operating leases. Costs in respect of operating leases are charged on a straight-line basis to the Income Statement over the lease term. Any benefits received by the Group as an incentive to sign the lease are spread on a straight-line basis over the lease term. Finance leased assets are capitalised in property, plant and equipment at the lower of fair value and the present value of minimum lease payments and depreciated over the shorter of the lease term and the estimated useful life of the asset.

Obligations under finance leases are included within payables, with minimum lease payments being apportioned between the finance charge and the reduction in the outstanding liability. The finance charge is allocated to each period during the term of the lease so as to produce a constant periodic rate of interest on the remaining Statement of Financial Position liability.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

GRANTS

Revenue grants are recognised in the Income Statement during the periods to which they relate.

Grants received and receivable relating to property, plant and equipment are shown as a deferred credit in current and non-current liabilities on the Statement of Financial Position. An annual transfer to the Income Statement is made on a straight-line basis over the expected useful life of the asset in respect of which the grant was received.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised at fair value, and subsequently less any provision for impairment.

Trade and other receivables are appraised throughout the year to assess the need for any provision for impairment. Specific provision for impairment has been determined by identifying all external debts where it is more probable than not, that they will not be recovered in full, and a corresponding amount is charged against operating profit. Trade receivables are stated net of any such provision. With regard to other receivables, specific provision for impairment would be recognised upon the carrying value of such receivables being higher than their recoverable amount.

CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash flows, cash and cash equivalents comprise cash in hand, bank deposits and short-term deposits net of bank overdrafts, which have an original maturity of three months or less.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

BORROWING COSTS

The Group does not capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying assets into the cost of property, plant and equipment, unless the criteria under IAS 23 are met.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised at fair value.

PROVISIONS

A provision is recognised in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments (derivatives) such as interest rate swaps to hedge its exposure to interest rate risks associated with floating rate loans. The Group does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date the contract is entered into and subsequently remeasured to fair value in future periods. The fair value of derivative financial instruments is determined by reference to discounted cash flows or an options valuation model. The method of recognising the resulting change in fair value is dependent on whether the derivative is designated as a hedging instrument. The Group does not have any derivatives designated as hedging instruments at the Statement of Financial Position date.

ACCOUNTING POLICIES continued

TAXATION

Tax expense for the year comprises current and deferred tax. The charge for taxation is based on the profit for the year and takes into account deferred taxation due to temporary differences between the tax bases of assets and liabilities and the accounting bases of assets and liabilities in the financial statements. The principal constituent of the deferred tax liability in the Group financial statements is temporary differences on property, plant and equipment where the carrying value in the financial statements is in excess of the tax base due to accelerated capital allowances and the previous effects of revaluations under UK GAAP.

Deferred tax assets are recognised to the extent that it is regarded as probable that the temporary difference can be utilised against taxable profit in the future. Taxation and deferred tax, relating to items recognised directly in equity, are also recognised directly in equity. Deferred taxation is based on the tax laws and rates that have been enacted at the Statement of Financial Position date and that are expected to apply when the relevant deferred tax item is realised or settled. Current tax has been calculated at the rate of 21% applicable to accounting periods ending 31 March 2015 (2014: 23%).

EMPLOYEE BENEFIT COSTS

The Group participates in four defined benefit schemes, which are contracted out of the state scheme as well as two defined contribution schemes. The costs of defined contribution schemes are charged to the Income Statement in the year in which they are incurred. Defined benefit schemes are accounted for as an asset or liability on the Statement of Financial Position. The asset or liability reflects the present value of defined benefit obligations, less the fair value of plan assets. The amount reported in the Income Statement for employee benefit costs includes past service costs, current service costs, interest costs and return on assets income. Past service costs are charged to the Income Statement immediately and current service costs are charged to the Income Statement for the period to which they relate.

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

Actuarial gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise. The defined benefit asset or liability, the current and past service costs are calculated at the reporting date by an independent actuary using the projected unit credit method.

Under IFRIC 14 surpluses on pension schemes are not recognised unless there is an unconditional right to recover or realise them at some point during the life of the plan. The unconditional right would not exist when the availability of the refund or the reduction in future contribution would be contingent upon factors beyond the entity's control (for example, approval by third parties such as plan trustees). To the extent the right is contingent, no asset would be recognised.

SIGNIFICANT ITEMS

Significant items are material items of income and expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's underlying financial performance.

Such items include impairment of assets, major reorganisation of businesses and integration costs associated with significant acquisitions. It also includes the costs associated with the close out of previous financing arrangements upon refinancing.

DIVIDENDS

A dividend to the Group's shareholders is recognised as a liability in the consolidated financial statements during the period in which the right to receive a payment is established via the declaration of a dividend approved by the Group's Board of Directors.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, the Group have made estimates and judgements, concerning the future. Actual results may, however, differ from the estimates calculated and management believe that the following are the more significant judgements impacting these financial statements.

INVESTMENT PROPERTIES

Investment properties were valued at fair value at 31 March 2015 by Deloitte, Chartered Surveyors. The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence of transaction prices for similar properties, land valuations and discounted cash flow methods.

PENSIONS

Certain assumptions have been adopted for factors that determine the valuation of the Group's liability for pension obligations at year end and future returns on pension scheme assets and charges to the Income Statement. The factors have been determined in consultation with the Group's independent actuary taking into account market and economic conditions. Changes in assumptions can vary from year to year as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group's liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. The impact of the change in assumptions on the valuation of the net financial position for pension schemes is reflected in the statement of recognised gains and losses. Further details are available in Note 22.

GOODWILL

Judgements have been made in respect of the amounts of future operating cash flows to be generated by certain of the Group's businesses in order to assess whether there has been any impairment of the amounts included in the Statement of Financial Position for goodwill or intangible assets with an indefinite life in relation to those businesses.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £m Total Before Significant items	2015 £m Significant items	2015 £m Total After Significant items	2014 £m Total Before Significant items	2014 £m Significant items	2014 £m Total After Significant items
Continuing operations							
Revenue	1	738.4	-	738.4	671.2	-	671.2
Result from operations before significant items	4	157.2	-	157.2	121.0	-	121.0
Significant items							
Integration costs	3	-	-	-	-	(2.4)	(2.4)
Impairment of property, plant and equipment	3	-	-	-	-	(7.2)	(7.2)
Restructuring costs	3	-	(11.4)	(11.4)	-	(2.2)	(2.2)
Result from operations	4	157.2	(11.4)	145.8	121.0	(11.8)	109.2
Movement in investment property fair values	12	30.0	-	30.0	19.9	-	19.9
Movement in fair value of interest rate swaps	3	-	-	-	-	20.0	20.0
Finance costs							
(Loss)/gain on settlement of interest rate swaps	3	-	(3.9)	(3.9)	-	4.1	4.1
Finance costs	7	(42.6)	-	(42.6)	(32.7)	-	(32.7)
Finance costs – amortisation of issue costs	3	-	(4.6)	(4.6)	-	(5.9)	(5.9)
Result before taxation		144.6	(19.9)	124.7	108.2	6.4	114.6
Taxation	9	(30.9)	4.0	(26.9)	25.2	(2.6)	22.6
Result from continuing operations		113.7	(15.9)	97.8	133.4	3.8	137.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £m	2014 £m
Result for the year		**97.8**	137.2
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of retirement benefit liabilities	22	**(31.5)**	36.1
Deferred tax on remeasurements of retirement benefit liabilities	9	**6.4**	(7.2)
Effect of change in rate of corporation tax on deferred tax	9	**-**	(1.4)
Other comprehensive (expense)/income for the year		**(25.1)**	27.5
Total comprehensive income for the year		**72.7**	164.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Note	Attributable to equity holders of the Company			
		Share capital £m	**Share premium £m**	**Reserves £m**	**Total £m**
Balance at 1 April 2014		0.3	2,493.9	(562.2)	1,932.0
Result for the year		-	-	97.8	97.8
Remeasurements of retirement benefit liabilities net of tax		-	-	(25.1)	(25.1)
Balance at 31 March 2015		**0.3**	**2,493.9**	**(489.5)**	**2,004.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Note	Attributable to equity holders of the Company			
		Share capital £m	**Share premium £m**	**Reserves £m**	**Total £m**
Balance at 1 April 2013		0.3	2,493.9	(762.9)	1,767.3
Result for the year		-	-	137.2	137.2
Remeasurements of retirement benefit liabilities net of tax		-	-	28.9	28.9
Effect of change in rate of corporation tax on deferred tax		-	-	(1.4)	(1.4)
Balance at 31 March 2014		**0.3**	**2,493.9**	**(562.2)**	**1,932.0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 £m	2014 £m
ASSETS			
Non-current assets			
Property, plant and equipment	10	**2,331.3**	2,357.9
Intangible assets	11	**49.5**	40.0
Goodwill	11	**166.3**	166.3
Investment properties	12	**622.9**	592.1
Derivative financial assets	19	**-**	3.4
Deferred tax assets	23	**16.5**	12.2
		3,186.5	3,171.9
CURRENT ASSETS			
Inventories	13	**1.5**	1.3
Trade and other receivables	14	**75.1**	70.9
Cash and cash equivalents	15	**4.2**	17.9
Amounts owed by group undertakings		**242.5**	105.9
		323.3	196.0
LIABILITIES			
Current liabilities			
Borrowings	16	**(20.0)**	-
Trade and other payables	21	**(168.9)**	(142.6)
Deferred income		**(18.7)**	(18.3)
Current tax liabilities		**(23.2)**	(11.5)
		(230.8)	(172.4)
NET CURRENT ASSETS		**92.5**	23.6
Non-current liabilities			
Borrowings	16	**(890.9)**	(889.6)
Derivative financial liabilities	19	**-**	(17.5)
Retirement benefit liabilities	22	**(73.4)**	(40.2)
Deferred tax liabilities	23	**(296.5)**	(302.0)
Other non-current liabilities	24	**(13.5)**	(14.2)
		(1,274.3)	(1,263.5)
NET ASSETS		**2,004.7**	1,932.0
Shareholders' equity			
Share capital	25	**0.3**	0.3
Share premium	25	**2,493.9**	2,493.9
Other reserve	26	**(1,249.4)**	(1,249.4)
Retained earnings	26	**759.9**	687.2
Total equity		**2,004.7**	1,932.0

The financial statements on pages 11 to 53 were approved by the Board of Directors on 10 July 2015 and signed on its behalf by:

Neil Thompson
Chief Financial Officer
M.A.G

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £m Before significant items	2015 £m Significant items	2015 £m After significant items	2014 £m Before significant items	2014 £m Significant items	2014 £m After significant items
Cash flows from operating activities:							
Result before taxation – continuing operations		144.6	(19.9)	124.7	108.2	6.4	114.6
Change in value of investment properties		(30.0)	-	(30.0)	(19.9)	-	(19.9)
Movement in fair value of interest rate swaps		-	-	-	-	(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		42.6	-	42.6	32.7	-	32.7
Amortisation of issue costs		-	4.6	4.6	-	5.9[2]	5.9
Depreciation and amortisation		126.4	-	126.4	120.9	7.2	128.1
Profit on sale of property, plant and equipment		-	-	-	1.4	-	1.4
Increase in trade and other receivables and inventories		(3.1)	-	(3.1)	(13.9)	-	(13.9)
Increase in amounts owed by group companies		(123.4)	-	(123.4)	(72.0)	-	(72.0)
Release of grants		(0.7)	-	(0.7)	(0.7)	-	(0.7)
Increase in trade and other payables		29.4	-	29.4	6.2	-	6.2
Increase/(decrease) in retirement benefits provision		1.7	-	1.7	(1.2)	-	(1.2)
Cash generated from operations		187.5	(11.4)	176.1	161.7	(4.6)	157.1
Interest paid				(44.5)			(51.3)
Tax paid				(17.7)			(12.9)
Net cash from operating activities				113.9			92.9
Cash flows from investing activities							
Purchase of property, plant and equipment				(115.0)			(122.2)
Purchase of intangible assets				(10.5)			(10.0)
Proceeds from sale of investment properties				-			0.9
Net cash used in investing activities				(125.5)			(131.3)
Cash flows from financing activities							
Increase in bank loan borrowings				20.0			-
Increase in other borrowings (net of issue costs)	18			355.9			445.3
Repayment of loans and borrowings				(360.0)			(450.0)
Cash (outflow)/inflow on settlement of interest rate swaps[1]				(18.0)			4.1
Net cash used in financing activities				(2.1)			(0.6)
Net decrease in cash and cash equivalents	31			(13.7)			(39.0)
Cash and cash equivalents at beginning of period				17.9			56.9
Cash and cash equivalents at end of period				4.2			17.9

NOTE:

1 *In April 2014 the Group terminated all of the remaining fixed interest rate swaps recognised on the Consolidated Statement of Financial Position as at 31 March 2014 of £14.1m for a total cash payment to the swap counterparties of £18.0m.*

2 *The prior year balance of £5.9m has been categorised to be included within the significant items column within the cash flow, consistent with the presentation on the Consolidated Income Statement.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. REVENUE

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

	2015 £m	2014 £m
Aviation income	**378.8**	342.7
Commercial income		
Retail concessions	**134.3**	119.4
Car parking	**125.7**	104.4
Property and property related income	**46.4**	45.9
Other	**53.2**	58.8
Total commercial income	**359.6**	328.5
Total income	**738.4**	671.2

Other income includes utilities recharges and fees for airline services and aviation fuel sales.

Property related income includes rental income and income from the sale of property developments. Development profits are recognised upon completion of contracts.

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.

The reportable segments are consistent with how information is presented to the Group Chief Executive (Chief Operating Decision Maker) to report its primary information for the purpose of assessment of performance.

The primary business of all of these Operating Divisions is the operation and development of airport facilities in the UK and, accordingly, no separate secondary segmental information is provided.

2015	Manchester Airport £m	London Stansted Airport £m	East Midlands Airport £m	M.A.G Developments £m	Bournemouth Airport £m	Group consolidation and other[3] £m	Consolidated £m
Revenue							
External sales	370.9	271.7	59.4	28.9	11.1	(3.6)	**738.4**
Inter-segment sales[4]	(1.0)	-	-	(2.6)	-	3.6	**-**
Total revenue	369.9	271.7	59.4	26.3	11.1	-	**738.4**
Result							
Segment operating profit before significant items	78.8	59.2	11.2	14.6	0.9	(7.5)	**157.2**
Significant items	(1.9)	(7.9)	(0.6)	(0.6)	-	(0.4)	**(11.4)**
Segment operating profit after significant items	76.9	51.3	10.6	14.0	0.9	(7.9)	**145.8**
Movement in investment property fair values							**30.0**
Finance costs (including significant items)							**(51.1)**
Result before taxation							**124.7**

2. BUSINESS AND GEOGRAPHICAL SEGMENTS continued

2015	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Developments	Bournemouth Airport	Group consolidation and other[3]	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Other information							
Segment assets	1,148.6	1,269.2	325.6	(Note 1)	82.5	683.9	**3,509.8**
Segment liabilities	(280.8)	(171.0)	(74.4)	(Note 1)	(10.3)	(968.6)	**(1,505.1)**
Capital expenditure	58.7	45.9	7.4	(Note 1)	0.8	-	**112.8**
Depreciation	58.0	55.3	8.4	2.1	1.1	0.5	**125.4**
Amortisation	1.0	-	-	(Note 1)	-	-	**1.0**
Taxation	22.0	18.1	(1.7)	(Note 1)	0.3	(11.8)	**26.9**
Result – geographical location[2]							
Segment operating profit before significant items	89.4	59.2	12.0	(Note 2)	4.1	(7.5)	**157.2**

2014	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Developments	Bournemouth Airport	Group consolidation and other[3]	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Revenue							
External sales	335.6	245.1	54.3	29.5	10.2	(3.5)	**671.2**
Inter-segment sales[4]	(0.9)	-	-	(2.7)	-	3.6	**-**
Total revenue	334.7	245.1	54.3	26.8	10.2	0.1	**671.2**
Result							
Segment operating profit before significant items	68.0	33.5	9.2	16.4	0.8	(6.9)	**121.0**
Significant items	-	(11.8)	-	-	-	-	**(11.8)**
Segment operating profit after significant items	68.0	21.7	9.2	16.4	0.8	(6.9)	**109.2**
Movement in investment property fair values							**19.9**
Movement in fair value of interest rate swaps							**20.0**
Finance costs (including significant items)							**(34.5)**
Result before taxation							**114.6**
Other information							
Segment assets	1,168.7	1,357.7	322.7	(Note 1)	82.7	436.1	**3,367.9**
Segment liabilities	(238.2)	(139.6)	(70.2)	(Note 1)	(9.3)	(978.6)	**(1,435.9)**
Capital expenditure	54.1	53.9	19.2	(Note 1)	0.5	-	**127.7**
Depreciation	55.1	55.4	7.2	1.7	0.8	0.7	**120.9**
Taxation	(18.8)	0.5	(5.5)	(Note 1)	(2.1)	3.3	**(22.6)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

2. BUSINESS AND GEOGRAPHICAL SEGMENTS continued

2014	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Developments	Bournemouth Airport	Group consolidation and other[3]	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Result – geographical location[2]							
Segment operating profit before significant items	79.1	33.5	10.4	(Note 2)	5.0	(7.0)	**121.0**

NOTES:

1 *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.*

2 *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.*

3 *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 16 Borrowings and Derivative Financial Liabilities.*

4 *Sales between segments are at arm's length.*

3. SIGNIFICANT ITEMS

	2015	2014
	£m	£m
Recorded in result from operations:		
Integration costs[1]	-	2.4
Impairment of property, plant and equipment[2]	-	7.2
Restructuring costs[3]	11.4	2.2
Total recorded in result from operations	11.4	11.8
Recorded in finance cost:		
Amortisation of issue costs[4]	4.6	5.9
Total recorded in finance cost	4.6	5.9
Recorded in result before taxation:		
Net loss/(gain) on settlement of interest rate swaps[5]	3.9	(4.1)
Movement in fair value of interest rate swaps[6]	-	(20.0)
Total recorded in result before taxation	3.9	(24.1)
Total significant items	19.9	(6.4)
Taxation on significant items	4.0	(2.6)

NOTES:

1 ***Integration costs***
Integration costs of £nil (2014: £2.4m) relate to the separation of London Stansted Airport 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 Airport as part of the wider terminal transformation project.

3 ***Restructuring costs***
Restructuring costs of £11.4m (2014:£2.2m) have been incurred in respect of an organisational efficiency programme.

4 ***Amortisation of issue costs***
Following the restructuring and refinancing of the Group, unamortised issue costs of £4.6m (2014: £5.9m) were written off following issue of the associated financial liability of £360.0m (2014: £450.0m).

5 ***Net loss/(gain) on settlement of interest rate swaps***
This represents the net loss/(gain) on settlement of interest rate swaps.

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.

4. RESULT FROM OPERATIONS

	2015 £m	2014 £m
Turnover	**738.4**	671.2
Wages and salaries[1]	**(140.4)**	(129.6)
Social security costs	**(11.5)**	(10.8)
Pension costs	**(14.0)**	(13.1)
Employee benefit costs	**(165.9)**	(153.5)
Depreciation	**(126.4)**	(120.9)
Profit on disposal of fixed assets	**-**	1.4
Other operating charges[2]	**(288.9)**	(277.2)
Result from operations before significant items	**157.2**	121.0

NOTES:

1 Wages and salary costs are disclosed before restructuring costs amounting to £11.4m (2014: £2.2m) which are reported separately – see Note 3.

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

5. EMPLOYEE INFORMATION

The average number of persons (including Executive Directors) employed by the Group during the year was:

	2015 Number	2014 Number
By location		
Manchester Airport	**2,433**	2,226
London Stansted Airport	**1,301**	1,306
East Midlands Airport	**532**	534
Bournemouth Airport	**160**	165
	4,426	4,231

Manchester Airport includes Group and Head Office as well as Operational employees.

6. DIRECTORS' EMOLUMENTS

	2015	2014
Directors' emoluments	**£m**	£m
Aggregate emoluments	**2.7**	2.6

An amount of £39,000 (2014: £69,000) was paid in to money purchase schemes in respect of two directors (2014: two). Included within the amounts above is £0.9m (2014: £0.8m paid in July 2014) payable in July 2015 relating to the 2012-2015 LTIP plan after certain targets were met over the three year period. As the financial performance in respect to the 2013 and 2014 plans is so uncertain at this stage, no value in relation to these awards is included above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

6. DIRECTORS' EMOLUMENTS continued

	2015	2014
Key Management compensation	£m	£m
Aggregate emoluments	7.6	6.4

Key management for the Group is the Board of Directors and members of the Executive Committee (EXCO) who control and direct the Group's operational activities and resources. Included within the amounts above is £1.9m (2014: £1.6m paid in July 2014) payable in July 2015 relating to the 2012-2015 LTIP plan after certain targets were met over the three year period. As the financial performance in respect to the 2013 and 2014 plans is so uncertain at this stage, no value in relation to these awards is included above.

	2015	2014
Highest paid director	£m	£m
Aggregate emoluments and benefits	1.7	1.6

7. FINANCE COSTS

	Note	2015 £m	2014 £m
Interest payable on bank loans and overdrafts		4.6	26.7
Interest payable on bonds		36.3	2.7
Interest cost on defined benefit pension schemes	22	1.7	3.3
		42.6	32.7
Shown within significant items:			
Amortisation of issued costs on previous financing		4.6	5.9
Loss/(gain) on settlement of interest rate swaps		3.9	(4.1)
		8.5	1.8
Total finance costs		51.1	34.5

8. RESULT BEFORE TAXATION

	Note	2015 £m	2014 £m
Result before taxation has been arrived at after charging/(crediting):			
Hire of plant and machinery – operating leases		0.4	0.3
Hire of other assets – operating leases		22.0	21.2
Release of capital based grants		(0.7)	(0.7)
Depreciation of property, plant and equipment:			
Owned assets – continuing operations	10	125.4	120.9
Amortisation of intangible assets	11	1.0	-
Profit on disposal of property, plant and equipment and investment properties		-	(1.4)
Significant items	3	11.4	11.8
Increase in fair value of investment property	12	(30.0)	(19.9)
Employee benefit costs	4	165.9	153.5

8. RESULT BEFORE TAXATION continued

	Note	2015 £m	2014 £m
Auditors remuneration:			
Fees payable to Company's Auditors and its associates for the audit of the parent company, Consolidated Financial Statements and subsidiaries accounts		**0.2**	0.3
Amounts receivable by auditors and their associates in respect of:			
Other services relating to taxation		**0.2**	0.1
All other services		**-**	0.1
Total Auditors remuneration		**0.4**	0.5

9. TAXATION

ANALYSIS OF CHARGE IN THE PERIOD

	2015 £m Before significant items	2015 £m Significant items	2015 £m After significant items	2014 £m Before significant items	2014 £m Significant items	2014 £m After significant items
Current taxation						
UK Corporation tax on profits for the year	**36.8**	**(1.2)**	**35.6**	32.0	(1.4)	30.6
Adjustment in respect of prior year	**(5.2)**	**-**	**(5.2)**	(5.2)	-	(5.2)
Total current taxation	**31.6**	**(1.2)**	**30.4**	26.8	(1.4)	25.4
Deferred taxation						
Temporary differences arising in the period	**(2.4)**	**(2.8)**	**(5.2)**	(3.7)	4.0	0.3
Adjustment in respect of prior year	**1.7**	**-**	**1.7**	(4.4)	-	(4.4)
Effect of change in rate of corporation tax	**-**	**-**	**-**	(43.9)	-	(43.9)
Total ordinary deferred taxation	**(0.7)**	**(2.8)**	**(3.5)**	(52.0)	4.0	(48.0)
Total taxation charge/(credit)	**30.9**	**(4.0)**	**26.9**	(25.2)	2.6	(22.6)

TAXATION ON ITEMS CHARGED TO EQUITY

	2015 £m	2014 £m
Deferred taxation on remeasurements of retirement benefit liabilities	**(6.4)**	7.2
Effect of change in rate of corporation tax	**-**	1.4
	(6.4)	8.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

9. TAXATION continued

FACTORS AFFECTING THE TAXATION CHARGE FOR THE YEAR

The total taxation charge for the year ended 31 March 2015 is higher (2014: lower) than the standard rate of corporation taxation in the UK of 21% (2014: 23%). The differences are explained below.

	2015 £m Before significant items	2015 £m Significant items	2015 £m After significant items	2014 £m Before significant items	2014 £m Significant items	2014 £m After significant items
Result before taxation	144.6	(19.9)	124.7	108.2	6.4	114.6
Result before taxation multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	30.3	(4.1)	26.2	24.9	1.5	26.4
Effect of:						
Origination and reversal of temporary differences	-	0.1	0.1	0.8	(0.6)	0.2
Non-taxable items	4.1	-	4.1	2.6	1.7	4.3
Adjustments to prior year taxation charge	(3.5)	-	(3.5)	(9.6)	-	(9.6)
Effect of change in rate of corporation tax	-	-	-	(43.9)	-	(43.9)
Total taxation debit/(credit)	30.9	(4.0)	26.9	(25.2)	2.6	(22.6)

The Finance Bill 2013, which was substantively enacted on 2 July 2013, included a reduction in the rate of Corporation tax from 1 April 2015 of 1% to 20%. Deferred tax balances at 31 March 2015 have therefore been calculated at 20%.

On 8 July 2015 the Chancellor announced further reductions in the rate of UK Corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. These further reductions were not substantively enacted at the balance sheet date and are not reflected in the above figures. The effect of a further 1% reduction to the rate of UK Corporation tax based on when deferred tax liabilities reverse would be £14.0m.

10. PROPERTY, PLANT AND EQUIPMENT

2015	Freehold land and property £m	Long leasehold property £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Assets in the course of construction £m	Total £m
Cost						
At 1 April 2014	193.6	428.0	2,015.8	502.4	82.9	3,222.7
Additions	-	-	-	-	112.8	112.8
Reclassification (to investment properties)[15]	-	26.7	14.5	44.4	(89.1)	(3.5)
Reclassification (from investment properties)[15]	2.7	-	-	-	-	2.7
Disposals	-	(3.4)	-	(1.0)	-	(4.4)
Transfer[1]	-	-	-	-	(13.2)	(13.2)
At 31 March 2015	196.3	451.3	2,030.3	545.8	93.4	3,317.1

10. PROPERTY, PLANT AND EQUIPMENT continued

2015	Freehold land and property £m	Long leasehold property £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Assets in the course of construction £m	Total £m
Cost						
Depreciation						
At 1 April 2014	59.1	110.0	333.2	362.5	-	864.8
Charge for the period	-	40.9	42.2	42.3	-	125.4
Disposals	-	(3.4)	-	(1.0)	-	(4.4)
At 31 March 2015	**59.1**	**147.5**	**375.4**	**403.8**	**-**	**985.8**
Carrying amount						
At 31 March 2015	**137.2**	**303.8**	**1,654.9**	**142.0**	**93.4**	**2,331.3**
Carrying amount						
At 31 March 2014	134.5	318.0	1,682.6	139.9	82.9	2,357.9

2014	Freehold land and property £m	Long leasehold property £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Assets in the course of construction £m	Total £m
Cost						
At 1 April 2013	217.0	421.4	2,018.4	491.9	66.0	3,214.7
Additions	-	-	-	-	127.7	127.7
Reclassification	-	38.2	15.6	49.6	(110.8)	(7.4)
Impairment	-	(19.7)	-	(1.1)	-	(20.8)
Transfer[1]	(23.1)	-	-	-	-	(23.1)
Disposals	(0.3)	(11.9)	(18.2)	(38.0)	-	(68.4)
At 31 March 2014	**193.6**	**428.0**	**2,015.8**	**502.4**	**82.9**	**3,222.7**
Depreciation						
At 1 April 2013	58.8	97.3	307.5	362.0	-	825.6
Charge for the period	0.3	37.1	43.9	39.6	-	120.9
Impairment	-	(12.5)	-	(1.1)	-	(13.6)
Disposals	-	(11.9)	(18.2)	(38.0)	-	(68.1)
At 31 March 2014	**59.1**	**110.0**	**333.2**	**362.5**	**-**	**864.8**
Carrying amount						
At 31 March 2014	**134.5**	**318.0**	**1,682.6**	**139.9**	**82.9**	**2,357.9**
At 31 March 2013	158.2	324.1	1,710.9	129.9	66.0	2,389.1

NOTE:

1 During the year, assets in the course of construction with a carrying value of £3.2m (2014: £23.1m) were transferred to a company within the Manchester Airports Holdings Limited Group, but which is outside the Manchester Airport Group Investments Limited Group. An additional £10.0m of assets in the course of construction were transferred to the Airport City Partnership – a company outside of both the Manchester Airports Holdings Limited Group and Manchester Airport Group Investments Limited Group but for which the MAHL Group holds a 50% interest.

All assets were transferred at book value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

11. INTANGIBLE ASSETS

	Goodwill	Other Intangible assets	Total
	£m	£m	£m
Cost			
At 1 April 2014	166.3	40.0	206.3
Additions	-	10.5	10.5
At 31 March 2015	**166.3**	**50.5**	**216.8**
Amortisation			
Charge for the period	-	1.0	1.0
At 31 March 2015	**-**	**1.0**	**1.0**
Carrying amount			
At 31 March 2015	**166.3**	**49.5**	**215.8**
At 31 March 2014	166.3	40.0	206.3

Goodwill

Goodwill is allocated to cash generating units based on the benefits to the Group that arise from each business combination. For the purposes of impairment testing, goodwill is allocated to the lowest cash generating unit at which management monitor goodwill. The lowest level of cash generating unit is considered to be at an Airport level. The goodwill arising in 2013 followed the acquisition of London Stansted Airport Limited ("London Stansted").

The recoverable amount of the Stansted cash generating unit has been determined from value in use calculations. Key assumptions for the value in the calculation are those regarding discount rates, terminal value growth rates and expected changes to passenger and revenue growth rates, EBITDA margin and the level of capital expenditure required to support trading.

Discount rates have been estimated based on pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the cash generating unit. In determining the discount rate, management have sought to arrive at a pre-tax Weighted Average Cost of Capital (WACC) using the capital asset pricing model for a market participant. The key assumptions in calculating the discount rate have been a 0.82 unlevered beta and a risk free rate based on long term UK Government gilts. The assumption for the cost of debt is consistent with the current cost of debt throughout the forecast period. Consequently, the rate used to discount the forecast cash flows was calculated as 6.7%. The long term growth rate used in calculating the terminal value was 2.5%.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the Board covering five years. The Group used detailed longer term forecasts, to review a period for a further 20 years. A terminal value is calculated beyond that point based on the growth rate described above. Sensitivity analysis shows that the discount rate would have to increase by over 250 basis points, in addition to limiting growth to 2.5% from year 5 onwards, for an impairment to be triggered.

Other intangible assets

The Group has secured rights to ensure that the Greater Manchester Metrolink light rail system is extended to Manchester Airport, connecting to the wider Metrolink network. The contractual agreement ensures that the Metrolink service, which commenced in November 2014, will be operated for a period of 30 years. The cost of securing the rights have been capitalised and are being amortised over 20 years, which the directors believe to be the foreseeable period over which the majority of the benefits from the service will accrue to the Airport.

The Airport spur of the Metrolink became fully operational in November 2014, which was the trigger for the commencement of amortisation.

12. INVESTMENT PROPERTIES

2015	Investment properties £m
Cost or valuation	
At 1 April 2014	592.1
Reclassification from assets in the course of construction[10]	3.5
Reclassification to operational assets[10]	(2.7)
Revaluation	30.0
At 31 March 2015	**622.9**
Carrying amount	
At 31 March 2015	**622.9**
At 31 March 2014	**592.1**

2014	Investment properties £m
Cost or valuation	
At 1 April 2013	566.4
Reclassification from assets in the course of construction[10]	7.4
Disposals	(1.6)
Revaluation	19.9
At 31 March 2014	**592.1**
Carrying amount	
At 31 March 2014	**592.1**
At 31 March 2013	**566.4**

Investment properties

The fair value of the Group's commercial investment property at 31 March 2015 has been arrived at on the basis of a valuation carried out at that date by Deloitte Chartered Surveyors. Strutt & Parker carried out the valuation of the London Stansted residential property portfolio, Mellor Braggins carried out the valuation of the Manchester residential property portfolio. The valuers are independent and are not connected with the Group. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties, land valuations and discounted cash flow methods.

Under IAS 40 a fair value method has been taken to revalue Investment Properties that become occupied by the Group that are transferred to Property, Plant and Equipment.

The rental income earned by the Group from its investment property, amounted to £36.3m (2014: £32.6m). Direct operating expenses arising on the investment property in the period amounted to £5.4m (2014: £5.4m). This includes £0.4m (2014: £0.6m) of operating costs where no income was derived.

13. INVENTORIES

	2015 £m	2014 £m
Consumables	**1.5**	1.3
	1.5	1.3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

14. TRADE AND OTHER RECEIVABLES

	2015 £m	2014 £m
Trade receivables	**46.4**	38.4
Other receivables	**1.4**	1.0
Prepayments and accrued income	**27.3**	31.5
	75.1	70.9

The average credit period taken on sales is 19 days (2014: 17 days). An allowance has been made for estimated irrecoverable amounts from trade receivables of £0.6m (2014: £1.2m). This allowance has been determined by identifying all specific external debts where it is probable that they will not be recovered in full.

The directors consider that the carrying amount of trade and other receivables approximates to fair value.

Trade receivables are non-interest bearing and are generally on 30 day terms. The level of past due debt over 90 days old is:

	2015 £m	2014 £m
Debt due over 90 days	**0.5**	0.8
Total	**0.5**	0.8

Movement in the provision for impairment of trade receivables are as follows:

	£m
Balance at 1 April 2014	1.2
Increase in allowance for impaired receivables	0.1
Provision utilised	(0.7)
Balance at 31 March 2015	**0.6**

The creation and release of provisions for impaired receivables have been included in 'operating expenses' in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovery. The ageing of these receivables is as follows:

	2015 £m	2014 £m
Less than 60 days	**-**	0.2
60 to 90 days	**0.1**	0.2
Over 90 days	**0.5**	0.8
Total	**0.6**	1.2

The Group is not exposed to foreign currency exchange risk as all trade and other receivables are denominated in Sterling. There are no credit quality issues with receivables that are not past due. Additional disclosure on financial risk management is included in Note 20.

15. CASH AND CASH EQUIVALENTS

	2015 £m	2014 £m
Cash at bank and in hand	**4.2**	17.9
	4.2	17.9

The carrying value of these assets approximates to their fair value.

16. BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES

	Note	2015 £m	2014 £m
Bank loans	17	**109.1**	456.4
Bonds	18	**801.8**	445.3
Derivative financial liabilities – interest rate swaps	20	**-**	17.5
		910.9	907.1
Borrowings are repayable as follows:			
In one year or less, or on demand			
Bank loans	17	**20.0**	-
		20.0	-
In more than one year, but no more than two years			
Bank loans		**-**	-
Derivative financial liabilities – interest rate swaps		**-**	-
		-	-
In more than two years, but no more than five years			
Bank loans		**89.1**	444.3
Derivative financial liabilities – interest rate swaps		**-**	17.5
		89.1	461.8
In more than five years – due other than by instalments			
Bonds		**801.8**	445.3
		801.8	445.3
Non Current Borrowings		**890.9**	907.1
Total Borrowings and derivative financial liabilities		**910.9**	907.1

The Group is party to a Common Terms Agreement (CTA) where bank and bond creditors benefit from the same suite of representations, warranties and covenants. The CTA was signed on 14 February 2014.

The CTA together with a Master Definitions Agreement covers, inter alia, both the Initial Authorised Credit Facility Agreement (ACF), an Initial Liquidity Facility Agreement (LF), and the Group's issue of publicly listed fixed rate secured bonds in February 2014 and April 2014 respectively.

The Initial ACF Agreement has total facilities of £390.0m (2014: £750.0m), comprising a Secured Senior Term Facility of £90.0m (2014: £450.0m) and a Senior Secured Revolving Credit Facility of £300.0m (2014: £300.0m). The Initial ACF Agreement terminates in February 2018.

The Group issued a £450.0m publicly listed fixed rate secured bond on 14 February 2014 with a scheduled and legal maturity of 31 March 2034. All proceeds from the issue of the bond (net of certain issuance fees) were used to repay a portion of the Secured Senior 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 current Secured Senior Term Facility.

The Initial LF Agreement has total facilities of £60.0m and is sized to cover 12 months interest on secured debt. The LF Agreement is a 364-day revolving facility with a 5 year term on each annual renewal.

The Group's borrowings are all secured via a fixed and floating charge over substantially all of the assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

17. BANK LOANS

	2015 £m	2014 £m
Secured Senior Term Facility	**90.0**	450.0
Secured Revolving Credit Facility	**20.0**	-
Less: unamortised debt issue costs[1]	**(0.9)**	(5.7)
	109.1	444.3

NOTE:

1 Issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

At 31 March 2015 the Group had £267.0m (2014: £282.0m) undrawn committed borrowing facilities in respect of which all conditions precedent had been met at that date. The undrawn committed borrowing facilities consist of a £300.0m Secured Revolving Credit Facility (£20.0m drawn at 31 March 2015) less certain carve-outs in respect of ancillary facilities of £13.0m. The Group also had access to £10.0m of overdraft facilities.

Interest on the overdraft, Term Facility, Revolving Credit Facility and Liquidity Facility is linked to LIBOR plus a margin (dependent on facility).

See Note 16 for further information on financial liabilities, including maturity analysis.

18. BONDS

	2015 £m	2014 £m
Repayable other than by instalments		
M.A.G bond 4.125% £360.0m due 2024	**360.0**	-
M.A.G bond 4.75% £450.0m due 2034	**450.0**	450.0
Less: discount on issue	**(2.2)**	(1.2)
Less: unamortised debt issue costs	**(6.0)**	(3.5)
	801.8	445.3

During the period, 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.

See Note 16 for further information on financial liabilities, including maturity analysis.

19. DERIVATIVE FINANCIAL LIABILITIES

	Notional 2015 £m	Assets 2015 £m	Liabilities 2015 £m	Notional 2014 £m	Assets 2014 £m	Liabilities 2014 £m
Derivative financial assets						
Pay fixed, receive floating interest rate swaps – maturing 2018	-	-	-	135.0	3.4	-
Derivative financial liabilities						
Pay fixed, receive floating interest rate swaps – maturing 2023	-	-	-	225.0	-	(16.2)
Pay fixed, receive floating interest rate swaps – maturing 2024	-	-	-	135.0	-	(1.3)
Total – derivative financial instruments	-	-	-	495.0	3.4	(17.5)

In April 2014 the Group terminated all of the pay fixed, receive floating interest rate swaps recognised on the Statement of Financial Position as at 31 March 2014 for a cash payment to the swap counterparties of £18.0m.

20. FINANCIAL INSTRUMENTS

Risk management

The Group's activities expose it to a variety of financial risks. The Group's funding, liquidity and exposure to interest rate risks are managed by the Group's treasury function.

Treasury operations are conducted within a framework of policies, which are approved and subsequently monitored by the Board. These include guidelines on funding, interest rate risk management and counterparty risk management.

Interest rate risk

The Group has an exposure to interest rate risk, arising principally on changes in sterling interest rates. To mitigate interest rate risk, the Group uses derivative financial instruments such as interest rate swaps to generate the desired interest rate profile and to manage the Group's exposure to interest rate fluctuations. The cash balances attract interest at floating rates.

Liquidity risk

The principal sources of the Group's liquidity risk is the ability to refinance debt facilities as they fall due, ensuring cash and cash equivalents are accessible as when required and borrowing facilities are sufficient for the future needs of the Group. Although there can be no certainty that financing markets will remain open for issuance at all times, debt maturities are spread over a range of dates, thereby ensuring that the Group is not exposed to excessive refinancing risk in any one year. The Group's key guideline in managing liquidity risk is to limit the amount of borrowings maturing within 12 months to no more than 35% of gross borrowings less cash and cash equivalents. All cash and cash equivalents are held on short-term deposit with Board limits in respect of term limits. Moreover, debt facilities are maintained at a level that is sufficient to provide a reasonable surplus beyond the future needs of the Group.

At the year ended 31 March 2015, M.A.G had £1,187.5m (2014: £1,182.0m) of committed facilities (excluding the Initial LF Agreement) and a net debt position of £906.7m (2014: £885.8m) M.A.G had financial headroom of £281.2m at the year end, a level comfortably in excess of the internal compliance target. Under existing facilities and based on the Board approved business plan M.A.G is forecast to have financial headroom in excess of the minimum treasury policy target of £100.0m throughout 2015-16.

Foreign Exchange Risk

The Group is not materially exposed to foreign exchange risk as all material transactions and financial instruments are in sterling.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

20. FINANCIAL INSTRUMENTS continued

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and trade receivables. The Group has no significant concentrations of credit risk. The Group's exposure to credit related losses, in the event of nonperformance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring only counterparties within defined credit risk parameters are used.

The Group maintains a prudent split of cash and cash equivalents across a range of market counterparties in order to mitigate counterparty credit risk. Board approved investment policies provide counterparty investment limits, based on credit ratings. Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with short-term credit ratings lower than the prescribed limits. The Group monitors the credit rating of market counterparties on a regular basis.

The Group's exposure to credit risk on trade receivables is mitigated by limiting exposure to any one counterparty. Risk reports and available aviation and financial information updates used by the Group provide valuable information in relation to any changes in the credit risk profile of our customers or within the market and allow the Group to take a flexible approach to the management of risk. Credit risk exposures in relation to ad hoc customers are mitigated, where necessary, using prepayments or the request of deposits.

An analysis of trade receivables, including the value of past due debts and the provision for impairment, is included in Note 14 Trade and Other Receivables.

Financial liabilities

(a) Interest rate profile of financial liabilities

The interest rate profile of the Group's financial liabilities as at 31 March 2015 was as follows:

	2015	2014
	£m	£m
Fixed rate financial liabilities	801.8	445.3
Floating rate financial liabilities	109.1	444.3
Pay fixed, receive floating interest rate swaps	-	17.5
	910.9	907.1

The pay fixed, receive floating interest rate swaps have a notional amount of £nil (2014: £360.0m).

The Term Facility bears an interest rate based on LIBOR (either 3 month or 6 month) plus a credit margin. The overdrafts bear interest at Bank of England Base Rate plus a credit margin. The Revolving Credit Facility bears interest based on LIBOR plus a credit margin (where LIBOR can vary, at the Group's discretion, between 1 week and 12 months).

The Group has prepared an analysis on the impact of potential, likely changes in interest rates. The impact of a change in interest rates on the fair value of derivative financial instruments has been taken into account when calculating the potential impact.

The result of an increase in interest rates of 1% would be to increase/(decrease) income and equity for the period by the following amounts:

	2015	2014
	£m	£m
Impact on the Income Statement	(1.0)	31.2
Impact on equity	-	(0.8)
	(1.0)	30.4

(b) Fixed rate and non-interest bearing financial liabilities

	2015	2014
Weighted average annual interest rate	4.47%	4.70%
Weighted average period for which interest rate is fixed	14yr 6m	15yr 3m

The weighted average period for non-interest bearing liabilities as at 31 March 2015 was 1 year (2014: 1 year).

20. FINANCIAL INSTRUMENTS continued

(c) Maturity analysis of financial liabilities

The table below shows the gross undiscounted contractual cash outflows/(inflows) on the Group's financial liabilities and the net settled derivative financial instruments as at 31 March 2015 to the contract maturity date.

	Derivative financial liabilities	Non-derivative financial instruments	Total 2015	Derivative financial liabilities	Non-derivative financial instruments	Total 2014
	£m	£m	£m	£m	£m	£m
In one year or less, or on demand	-	58.4	58.4	6.9	33.6	40.5
In more than one year but not more than two years	-	39.1	39.1	4.3	35.3	39.6
In more than two years but not more than five years	-	274.8	274.8	3.3	558.3	561.6
In more than five years	-	1,096.2	1,096.2	8.6	770.6	779.2
	-	1,468.5	1,468.5	23.1	1,397.8	1,420.9

This maturity profile represents the fair value of all financial liabilities, as denoted in table (d) below.

Undrawn committed borrowing facilities

As at 31 March 2015, the Group had an undrawn committed borrowing facility available amounting to £267.0m (2014: £282.0m).

	2015 Floating rate	2014 Floating rate
	£m	£m
Expiring in less than one year	-	-
Expiring in one to two years	-	-
Expiring in more than two years	267.0	282.0
	267.0	282.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

20. FINANCIAL INSTRUMENTS continued

(d) Fair values versus carrying amounts of financial instruments

The following table provides a comparison, by category, of the carrying amounts and the fair values of the Group's financial instruments as at 31 March 2015 and 2014. Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates.

	Note	2015 Carrying amount £m	2015 Fair value £m	2014 Carrying amount £m	2014 Fair value £m
Financial liabilities:					
Instruments held at fair value					
Interest rate swaps used for hedging liabilities (net)		-	-	(17.5)	(17.5)
Instruments held at amortised cost					
Bank loans and overdrafts		(109.1)	(109.1)	(444.3)	(444.3)
Trade payables		(30.8)	(30.8)	(26.2)	(26.2)
Bonds		(801.8)	(930.1)	(445.3)	(455.2)
		(941.7)	(1,070.0)	(933.3)	(943.2)
Financial assets:					
Instruments held at fair value					
Derivative financial assets		-	-	3.4	3.4
Instruments held at amortised cost					
Cash at bank and in hand		4.2	4.2	17.9	17.9
Trade receivables		46.4	46.4	38.4	38.4
Other assets held at fair value					
Investment Properties	12	622.9	622.9	592.1	592.1
		673.5	673.5	651.8	651.8
Net financial liabilities		(268.2)	(396.5)	(281.5)	(291.4)

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

– level 1 – quoted prices in active markets for identical assets or liabilities;

– level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a level 2 valuation method.

20. FINANCIAL INSTRUMENTS continued

Summary of methods and assumptions used for determining fair values

Bonds	The fair value of publicly listed bonds is based on market prices or, if not available, brokers quotes. The carrying value is net of unamortised issue costs.
Bank loans	The fair value of the bank loans approximates the carrying value given their floating rate basis and interest setting frequency. The carrying value is net of unamortised issue costs.
Derivative financial instruments	The fair value of the Group's interest rate swaps is determined using the present value of the estimated future cash flows based on observable yield curves.
Other borrowings	The fair value of Other borrowings is based on a discounted cash flow methodology that reflects movements in underlying market rates.
Cash at bank and in hand	The fair value of cash at bank and in hand approximates the carrying value as all deposits have same day access.
Trade receivables and payables	The fair value of trade receivables approximates the carrying value given their short-term nature.

(e) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2015 £m	Carrying amount 2014 £m
Trade receivables	46.4	38.4
Cash at bank and in hand	4.2	17.9
Derivative financial assets	-	3.4
Credit exposure	50.6	59.7

Further analysis on the credit risk, ageing and impairment of trade receivables can be found in Note 14.

21. TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Trade payables	30.8	26.2
Other taxation and social security	3.7	3.6
Other payables	10.0	8.5
Accruals	123.7	103.6
Capital-based grants	0.7	0.7
	168.9	142.6

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

22. RETIREMENT BENEFITS

Defined contribution schemes

The Group operates two defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees or insurance companies. Where there are employees who leave the schemes prior to vesting fully, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of £3.1m (2014: £2.7m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2015, there was £nil (2014: £0.4m) of contributions due in respect of the current reporting period that had not been paid over to the schemes.

Defined benefit schemes

The Group operates four defined benefit pension schemes as follows:

– The Greater Manchester Pension Fund;
– M.A.G (STAL) Pension Scheme;
– E.M.I.A. Pension Scheme;
– The Airport Ventures Pension Scheme (AVPS).

Under the Schemes, the employees are entitled to retirement benefits based on their salary and length of service at the time of leaving the Schemes, payable on attainment of retirement age (or earlier death). No other post-retirement benefits are provided. All schemes are closed to new entrants but are not closed to future accrual (with the exception of AVPS). The Group operates the schemes under the UK regulatory framework. Benefits are paid to members from trustee-administered funds, and the trustees of each scheme are responsible for ensuring that each respective scheme is sufficiently funded to meet current and future benefit payments. Scheme assets are held in trusts separate to the Group. If investment experience is worse than expected, the Group's obligations are increased.

M.A.G participates in the Greater Manchester Pension Fund which forms part of the Local Government Pension Scheme.

The nature of the relationship between the Group and the trustees of each scheme is also governed by UK regulations. The trustees must agree a funding plan with the Group such that any funding shortfall is expected to be met by additional contributions and investment performance. In order to assess the level of contributions required, triennial valuations are carried out with the Scheme's obligations measured using prudent assumptions (relative to those used to measure accounting liabilities).

The trustees' other duties included managing the investment of scheme assets, administration of scheme benefits and exercising of discretionary benefits. The Group works closely with the trustees to manage each scheme.

Total employer's pension contributions for defined benefit schemes across the Group during the year ended 31 March 2015 amounted to £10.7m (2014: £16.0m), there were no one off contributions this financial year (2014: £nil).

Total employees pension contributions for defined benefit schemes across the Group during the year ended 31 March 2015 amounted to £2.9m (2014: £2.7m), there were no one off contributions this financial year (2014: £nil).

Actuarial gains or losses are recognised immediately in the Statement of Recognised Income and Expense, included within remeasurements.

The Greater Manchester Pension Fund (GMPF)

Certain employees of the Group in defined benefit pension schemes, participate in the Greater Manchester Pension Fund (GMPF) administered by Tameside Borough Council. Of the total Group pension contributions noted above, some £5.6m (2014: £5.1m) related to payments into the Greater Manchester Pension Fund.

The securities portfolio of the fund is managed by two external professional investment managers and the property portfolio is managed internally by GMPF. Participation is by virtue of Manchester Airport PLC's status as an "admitted body" to the Fund.

The last full valuation of the Fund was undertaken on 31 March 2013 by an independent actuary. The Fund was valued using the attained age method. The purposes of the valuation were to determine the financial position of the Fund and to recommend the contribution rate to be paid by Manchester Airport PLC and the other participating employers. The market value of the Fund's assets at 31 March 2013 was £12,590m (previous valuation in 2010: £10,445m). The funding level of the scheme as measured using the actuarial method of valuation was 90.5% (previous valuation in 2010: 96.4%).

The principal assumptions used in the 2013 valuation were as follows:

Salary increase	3.55% per annum
Pensions increase/Price inflation	2.50% per annum

The costs of providing pensions are charged to the Income Statement on a consistent basis over the service lives of the members. These costs are determined by an independent qualified actuary and any variations from regular costs, and are spread over the remaining working lifetime of the current members.

M.A.G (STAL) Pension Scheme

On 28 February 2013, the Group acquired the entire share capital of Stansted Airport Limited. As part of the condition of the purchase, a new defined benefit pension scheme was set up in order to provide mirror benefits to those employees who had previously participated in the BAA pension scheme prior to Stansted Airport Limited's disposal from the Heathrow Airport Holdings Limited Group. Current employees transferred their accrued benefits to the M.A.G (STAL) Pension Scheme. So no liability for pensioners or deferred members was transferred. A full actuarial valuation of the M.A.G (STAL) Pension Scheme was carried out by the Scheme Actuary on 30 September 2013. The aggregate market value of the assets in the Scheme at the date of the latest actuarial valuation was £104.9m, which represented approximately 104.9% of the present value of the liabilities. The Fund was valued using the projected unit method.

Other Schemes

Full actuarial valuations were carried out on the other defined benefit schemes as follows:

– E.M.I.A. Pension Scheme – 6 April 2014
– Airport Ventures Pension Scheme – 1 August 2013.

22. RETIREMENT BENEFITS continued

The aggregate market value of the assets in the EMIA scheme at the date of the latest actuarial valuation was £48.4m, which represented approximately 94% of the present value of the liabilities. The fund was valued using the projected unit method.

The other schemes are not significant to the Group and details of their valuations are included in the relevant entity's financial statements.

The numerical disclosure provided below for the defined benefit schemes is based on the most recent actuarial valuations disclosed above, which have been updated by independent qualified actuaries to take account of the requirements of IAS 19.

The amendment to IAS 19 has changed the accounting for defined benefit schemes and termination benefits. The interest cost and expected return on scheme assets used in the previous version of IAS 19 have been replaced with a "net interest" amount which is calculated by applying a discount rate to the net defined benefit obligation. This amendment has a corresponding impact on actuarial gains and losses recognised in the statement of comprehensive income, with no overall change to the net retirement benefit liability in the Statement of Financial Position.

The key assumptions used are as follows:

	GMPF		M.A.G (STAL)		EMIA		AVPS	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Rate of increase in salaries	**3.05%**	3.45%	**3.05%**	3.45%	**2.00%**	2.00%	**N/A**	N/A
Rate of increase of pensions in payment	**2.05%**	2.45%	**2.05%**	2.45%	**2.05%**	2.45%	**2.05%**	2.45%
Discount rate	**3.30%**	4.40%	**3.40%**	4.50%	**3.30%**	4.40%	**3.20%**	4.30%
Inflation assumption	**2.05%**	2.45%	**2.05%**	2.45%	**2.05%**	2.45%	**2.05%**	2.45%
Longevity at age 65 for current pensioners								
Males	**21.0 years**	21.0 years	**24.7 years**	24.6 years	**23.9 years**	22.1 years	**21.5 years**	21.5 years
Females	**23.5 years**	23.5 years	**27.8 years**	27.6 years	**26.2 years**	24.5 years	**23.8 years**	23.8 years
Longevity at age 45 for current members								
Males	**23.0 years**	23.0 years	**26.0 years**	26.1 years	**25.3 years**	23.5 years	**22.7 years**	22.8 years
Females	**25.7 years**	25.7 years	**29.4 years**	29.1 years	**27.7 years**	26.0 years	**25.3 years**	25.3 years

The longevity assumptions for the M.A.G (STAL) scheme reflect the higher profile of active scheme members, compared other pension schemes, as the scheme commenced in 2013.

Risk and risk management

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility For the purpose of setting the contribution requirements, the calculation uses a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio – whereas under IAS 19 (R), the defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. GMPF, M.A.G (STAL) and EMIA hold a significant proportion of their assets in return-seeking fund. The returns on these assets may be volatile and are not correlated to the value placed on the liabilities. This means that the deficit may be volatile in the shorter term, which may result in an increase in the contribution requirements and an increase in the net defined benefit liability recorded on the Statement of Financial Position. However, the Group believes that return-seeking assets offer an appropriate level of return over the long term for the level of risk that is taken. Furthermore, the scheme's other assets are well-diversified by investing in a range of asset classes, including diversified growth funds, government bonds and corporate bonds.

Changes in bond yields A fall in bond yields increases the value placed on the liabilities for reporting purposes and for setting the Group's contribution requirements. However, in this scenario the schemes' investment in corporate and government bonds is expected to increase and therefore offset some of the increase in the value placed on the liabilities.

Inflation risk The majority of the schemes' benefit obligations are linked to inflation and higher out turn level of inflationary increases are in place to protect the plan against extreme inflation. Inflation will lead to a higher benefit obligation (although in most cases caps on the majority of the schemes' assets do not provide a direct hedge against changes in inflation as they are either fixed-interest in nature e.g. corporate bonds and government bonds, or have an indirect link to inflation e.g. equities).

Life expectancy The majority of the scheme's obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant where the longer duration and inflation-linked nature of the payments result in higher sensitivity to changes in life expectancy. The schemes do not contain a hedge against increases in future life expectancy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

22. RETIREMENT BENEFITS continued

Details of the net pension liability by scheme is as follows:

	Fair value of plan assets £m	Present value of defined benefit obligation £m	(Deficit)/Surplus in the scheme £m
GMPF[1]			
2015	**377.7**	**(432.5)**	**(54.8)**
2014	346.0	(383.9)	(37.9)
2013	330.3	(389.7)	(59.4)
2012	295.0	(359.9)	(64.9)
2011	297.7	(335.3)	(37.6)
M.A.G (STAL)			
2015	**130.3**	**(134.9)**	**(4.6)**
2014	113.9	(107.1)	6.8
2013	105.7	(112.5)	(6.8)
EMIA			
2015	**55.1**	**(69.1)**	**(14.0)**
2014	48.5	(57.6)	(9.1)
2013	46.6	(57.9)	(11.3)
2012	41.2	(51.5)	(10.3)
2011	38.7	(45.8)	(7.1)
AVPS[2]			
2015	**3.6**	**(3.6)**	**-**
2014	3.1	(3.1)	-
2013	3.5	(3.5)	-
2012	3.0	(3.0)	-
2011	3.0	(3.0)	-
Total[2]			
2015	**566.7**	**(640.1)**	**(73.4)**
2014	511.5	(551.7)	(40.2)
2013	486.1	(563.6)	(77.5)
2012	339.2	(414.4)	(75.2)
2011	339.4	(384.1)	(44.7)

NOTES:

1 The figures as shown represent the proportion of the schemes which are attributable to the Group. £6.7m (2014: £6.5m) of the liabilities are unfunded.

2 The AVPS has a surplus of £0.8m (2014: £0.7m). This surplus has not been recognised in line with 'IFRIC 14' as the surplus cannot be recovered by reducing future contributions.

22. RETIREMENT BENEFITS continued

Plan Assets

	GMPF (1)		M.A.G (STAL) (2)		EMIA (3)		AVPS (4)		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Equities and other growth assets	**262.5**	268.4	**98.5**	82.9	**33.2**	29.7	**-**	-	**394.2**	381.0
Corporate bonds	**26.1**	24.7	**12.6**	11.3	**13.6**	11.8	**3.5**	3.0	**55.8**	50.8
Government bonds	**40.5**	23.4	**-**	-	**-**	-	**-**	-	**40.5**	23.4
Index linked gilts	**-**	-	**18.5**	17.2	**-**	-	**-**	-	**18.5**	17.2
Property	**21.8**	17.2	**-**	-	**5.9**	5.2	**-**	-	**27.7**	22.4
Other	**26.8**	12.3	**0.7**	2.5	**2.4**	1.8	**0.1**	0.1	**30.0**	16.7
Fair value of assets	**377.7**	346.0	**130.3**	113.9	**55.1**	48.5	**3.6**	3.1	**566.7**	511.5

NOTES:

1 *(GMPF) – Equities and other growth assets comprise investments in UK and overseas equities together with Pooled Investment Vehicles. These are actively managed funds with the objective of achieving growth above the market average, whilst maintaining a relatively low volatility. Index-linked Government Bonds have payouts linked to inflation and offer a degree of matching to the inflation linked liabilities of the Scheme. The property asset is a Managed Property Fund, which, like the equity growth funds, will typically have the objective of achieving property like returns, but with less risk and exposure to volatility than investing directly in the property market.*

2 *(M.A.G (STAL)) – The equities and other growth assets comprise UK and global equities and Diversified Growth Funds, which are actively managed funds that invest in a wide range of asset classes, typically with the objective of achieving equity like returns but with the expectation of reduced long term volatility. Index-linked Government Bonds have payouts linked to inflation and offer a degree of matching to the inflation linked liabilities of the Scheme.*

3 *(EMIA) – The equities and other growth assets comprise UK and global equities and growth funds, which are actively managed funds that invest in a wide range of asset classes, typically with the objective of achieving equity like returns but with the expectation of reduced long term volatility. Index-linked Government Bonds have payouts linked to inflation and offer a degree of matching to the inflation linked liabilities of the Scheme. Corporate bonds have fixed payouts and are lower risk than equity like investments. The property asset is a Managed Property Fund, which, like the equity growth funds, will typically have the objective of achieving property like returns, but with less risk and exposure to volatility than investing directly in the property market. The other asset class includes an insurance contract which provides an exact match to the corresponding liabilities and a small cash holding.*

4 *(AVPS) – The assets of the Scheme are invested in low risk bonds, with the aim of matching the cost of annuities.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

22. RETIREMENT BENEFITS continued

Movement in net defined benefit asset – ALL schemes

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m
Opening position as at 1 April*	**(551.0)**	(562.5)	**511.5**	486.1	**(39.5)**	(76.4)
Included in the profit or loss						
Current Service Cost of Defined Benefit Schemes	**(8.6)**	(11.1)	**(1.4)**	(0.8)	**(10.0)**	(11.9)
Past service cost	**(0.6)**	-	**-**	-	**(0.6)**	-
Interest (cost)/income	**(24.1)**	(24.8)	**22.4**	21.5	**(1.7)**	(3.3)
	(33.3)	(35.9)	**21.0**	20.7	**(12.3)**	(15.2)
Amount recognised in the statement of comprehensive income (SOCI)						
Actual return less expected return on pension scheme assets	**-**	-	**41.1**	3.4	**41.1**	3.4
Experience (losses)/gains arising on scheme liabilities	**5.2**	31.3	**-**	-	**5.2**	31.3
Remeasurement gain/(loss) due to financial assumption changes	**(88.5)**	4.6	**-**	-	**(88.5)**	4.6
Remeasurement gain/(loss) due to demographic assumption changes	**10.7**	(3.2)	**-**	-	**10.7**	(3.2)
	(72.6)	32.7	**41.1**	3.4	**(31.5)**	36.1
Cash flows						
Contributions	**(2.9)**	(2.7)	**13.6**	18.7	**10.7**	16.0
Benefits Paid	**20.5**	17.4	**(20.5)**	(17.4)	**-**	-
Impact of asset ceiling	**(0.8)**	(0.7)	**-**	-	**(0.8)**	(0.7)
Closing Position as at 31 March	**(640.1)**	(551.7)	**566.7**	511.5	**(73.4)**	(40.2)

* The opening position excludes the impact of the assets ceiling.

22. RETIREMENT BENEFITS continued

Movement in net defined benefit asset – GMPF scheme

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m
Opening position as at 1 April	**(383.9)**	(389.7)	**346.0**	330.3	**(37.9)**	(59.4)
Included in the profit or loss						
Current Service Cost of Defined Benefit Schemes	**(2.8)**	(3.2)	**-**	-	**(2.8)**	(3.2)
Past service cost	**(0.6)**	-	**-**	-	**(0.6)**	-
Interest (cost)/income	**(16.6)**	(16.9)	**15.0**	14.3	**(1.6)**	(2.6)
	(20.0)	(20.1)	**15.0**	14.3	**(5.0)**	(5.8)
Amount recognised in the statement of comprehensive income (SOCI)						
Actual return less expected return on pension scheme assets	**-**	-	**26.5**	10.1	**26.5**	10.1
Experience (losses)/gains arising on scheme liabilities	**2.6**	26.9	**-**	-	**2.6**	26.9
Remeasurement gain/(loss) due to financial assumption changes	**(50.7)**	(11.4)	**-**	-	**(50.7)**	(11.4)
Remeasurement gain/(loss) due to demographic assumption changes	**4.1**	(3.4)	**-**	-	**4.1**	(3.4)
	(44.0)	12.1	**26.5**	10.1	**(17.5)**	22.2
Cash flows						
Contributions	**(1.3)**	(1.2)	**6.9**	6.3	**5.6**	5.1
Benefits Paid	**16.7**	15.0	**(16.7)**	(15.0)	**-**	-
Closing Position as at 31 March	**(432.5)**	(383.9)	**377.7**	346.0	**(54.8)**	(37.9)

The fund liabilities have a duration of 18 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

22. RETIREMENT BENEFITS continued

Movement in net defined benefit asset – M.A.G (STAL) scheme

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m
Opening position as at 1 April	**(107.1)**	(112.5)	**113.9**	105.7	**6.8**	(6.8)
Included in the profit or loss						
Current Service Cost of Defined Benefit Schemes	**(5.1)**	(7.1)	**(0.9)**	(0.6)	**(6.0)**	(7.7)
Past service cost	**-**	-	**-**	-	**-**	-
Interest (cost)/income	**(4.9)**	(5.3)	**5.2**	5.1	**0.3**	(0.2)
	(10.0)	(12.4)	**4.3**	4.5	**(5.7)**	(7.9)
Amount recognised in the statement of comprehensive income (SOCI)						-
Actual return less expected return on pension scheme assets	**-**	-	**9.2**	(6.3)	**9.2**	(6.3)
Experience (losses)/gains arising on scheme liabilities	**-**	4.4	**-**	-	**-**	4.4
Remeasurement gain/(loss) due to financial assumption changes	**(26.4)**	13.6	**-**	-	**(26.4)**	13.6
Remeasurement gain/(loss) due to demographic assumption changes	**7.5**	0.1	**-**	-	**7.5**	0.1
	(18.9)	18.1	**9.2**	(6.3)	**(9.7)**	11.8
Cash flows						
Contributions	**(1.2)**	(1.2)	**5.2**	10.9	**4.0**	9.7
Benefits Paid	**2.3**	0.9	**(2.3)**	(0.9)	**-**	-
Closing Position as at 31 March	**(134.9)**	(107.1)	**130.3**	113.9	**(4.6)**	6.8

The fund liabilities have a duration of 25 years.

22. RETIREMENT BENEFITS continued

Movement in net defined benefit asset – EMIA scheme

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m
Opening position as at 1 April	**(57.6)**	(57.9)	**48.5**	46.6	**(9.1)**	(11.3)
Included in the profit or loss						
Current Service Cost of Defined Benefit Schemes	**(0.7)**	(0.8)	**(0.5)**	(0.2)	**(1.2)**	(1.0)
Past service cost	**-**	-	**-**	-	**-**	-
Interest (cost)/income	**(2.5)**	(2.5)	**2.1**	2.0	**(0.4)**	(0.5)
	(3.2)	(3.3)	**1.6**	1.8	**(1.6)**	(1.5)
Amount recognised in the statement of comprehensive income (SOCI)						
Actual return less expected return on pension scheme assets	**-**	-	**4.9**	-	**4.9**	-
Experience (losses)/gains arising on scheme liabilities	**2.6**	-	**-**	-	**2.6**	-
Remeasurement gain/(loss) due to financial assumption changes	**(11.0)**	2.4	**-**	-	**(11.0)**	2.4
Remeasurement gain/(loss) due to demographic assumption changes	**(0.9)**	0.1	**-**	-	**(0.9)**	0.1
	(9.3)	2.5	**4.9**	-	**(4.4)**	2.5
Cash flows						
Contributions	**(0.4)**	(0.3)	**1.5**	1.5	**1.1**	1.2
Benefits Paid	**1.4**	1.4	**(1.4)**	(1.4)	**-**	-
Closing Position as at 31 March	**(69.1)**	(57.6)	**55.1**	48.5	**(14.0)**	(9.1)

The fund liabilities have a duration of 20 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

22. RETIREMENT BENEFITS continued

Movement in net defined benefit asset – AVPS scheme

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m
Opening position as at 1 April	**(2.4)**	(2.4)	**3.1**	3.5	**0.7**	1.1
Included in the profit or loss						
Current Service Cost of Defined Benefit Schemes	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-
Interest (cost)/income	**(0.1)**	(0.1)	**0.1**	0.1	**-**	-
	(0.1)	(0.1)	**0.1**	0.1	**-**	-
Amount recognised in the statement of comprehensive income (SOCI)						-
Actual return less expected return on pension scheme assets	**-**	-	**0.5**	(0.4)	**0.5**	(0.4)
Experience (losses)/gains arising on scheme liabilities	**-**	-	**-**	-	**-**	-
Remeasurement gain/(loss) due to financial assumption changes	**(0.4)**	-	**-**	-	**(0.4)**	-
Remeasurement gain/(loss) due to demographic assumption changes	**-**	-	**-**	-	**-**	-
	(0.4)	-	**0.5**	(0.4)	**0.1**	(0.4)
Cash flows						
Contributions	**-**	-	**-**	-	**-**	-
Benefits Paid	**0.1**	0.1	**(0.1)**	(0.1)	**-**	-
Closing Position as at 31 March	**(2.8)**	(2.4)	**3.6**	3.1	**0.8**	0.7

The AVPS has a surplus of £0.8m (2014: £0.7m). This surplus has not been recognised in line with 'IFRIC 14' as the surplus cannot be recovered by reducing future contributions.

22. RETIREMENT BENEFITS continued

History of experience gains and losses

	GMPF		M.A.G (STAL)		EMIA		AVPS		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Difference between actual and expected returns on assets amount	**26.5**	10.1	**9.2**	(6.3)	**4.9**	-	**0.5**	(0.4)	**41.1**	3.4
% of scheme assets	**7.0%**	3.1%	**7.1%**	(5.5%)	**8.9%**	-	**13.9%**	(12.9%)	**7.3%**	(15.3%)
Experience gains and losses on liabilities amount	**2.6**	26.9	**-**	4.4	**2.6**	-	**-**	-	**5.2**	31.3
% of scheme liabilities	**0.6%**	-	**-**	-	**3.8%**	-	**-**	-	**0.8%**	-
Total amount recognised in SOCI	**(17.5)**	22.2	**(9.7)**	11.8	**(4.4)**	2.5	**0.1**	(0.4)	**(31.5)**	36.1
% of scheme liabilities	**(4.0%)**	5.8%	**(7.2%)**	11.0%	**(6.4%)**	4.3%	**3.6%**	-	**(4.9%)**	21.1%

The estimated amount of contributions expected to be paid to the schemes during the financial year to 31 March 2016 is £13.6m (2015: £13.4m).

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	GMPF	M.A.G (STAL)	EMIA	AVPS	Total
	2015	**2015**	**2015**	**2015**	**2015**
	£m	**£m**	**£m**	**£m**	**£m**
0.5% increase in real discount rate	(36.5)	(18.1)	(6.7)	(0.3)	(61.6)
0.5% decrease in real discount rate	41.4	21.6	7.7	0.4	71.1
0.5% increase in rate of RPI inflation	41.7	18.8	5.0	0.4	65.9
0.5% decrease in rate of RPI inflation	(37.0)	(18.3)	(5.4)	(0.3)	(61.0)
0.5% increase in the salary increase rate	7.7	8.2	-	-	15.9
0.5% decrease in the salary increase rate	(7.3)	(7.7)	-	-	(15.0)
1yr increase in life expectancy	12.0	4.4	2.0	0.1	18.5
1yr decrease in life expectancy	(12.0)	(4.4)	(2.0)	(0.1)	(18.5)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

23. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods.

	Accelerated capital allowances	Investment properties and operational assets carried at deemed cost	Retirement benefit obligations	Fair value acquisition adjustment	Short term timing differences	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2014	137.4	106.1	(12.2)	54.5	4.0	289.8
Charge/(credit) to income	(0.1)	1.2	2.1	(3.7)	(2.9)	(3.4)
Charge/(credit) to equity	-	-	(6.4)	-	-	(6.4)
At 31 March 2015	**137.3**	**107.3**	**(16.5)**	**50.8**	**1.1**	**280.0**
At 1 April 2013	167.1	122.9	(24.8)	65.4	(1.4)	329.2
Charge/(credit) to income	(29.7)	(16.8)	3.2	(10.1)	5.4	(48.0)
Charge/(credit) to equity	-	-	9.4	(0.8)	-	8.6
At 31 March 2014	**137.4**	**106.1**	**(12.2)**	**54.5**	**4.0**	**289.8**

Deferred tax assets and liabilities have been offset in the disclosure above. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2015	2014
	£m	£m
Deferred tax liabilities	(296.5)	(302.0)
Deferred tax assets	16.5	12.2
	(280.0)	(289.8)

24. OTHER NON-CURRENT LIABILITIES

	2015	2014
	£m	£m
Accruals and deferred income	5.3	5.3
Capital-based grants	8.2	8.9
	13.5	14.2

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Ordinary shares of £1 each Share Capital £m	Share Premium £m	Total £m
Allotted, called up and fully paid				
At 31 March 2014	0.3	0.3	2,493.9	2,494.2
At 31 March 2015	**0.3**	**0.3**	**2,493.9**	**2,494.2**

26. RESERVES

	Other reserve £m	Retained earnings £m	Total £m
At 1 April 2014	(1,249.4)	687.2	(562.2)
Remeasurements of retirement benefit liabilities	-	(31.5)	(31.5)
Deferred tax on remeasurements of retirement benefit liabilities	-	6.4	6.4
Result for the year	-	97.8	97.8
At 31 March 2015	**(1,249.4)**	**759.9**	**(489.5)**

	2015 £m	2014 £m
Reconciliation of movements in shareholders' funds:		
Opening shareholders' funds	**1,932.0**	1,767.3
Total recognised income for the year	**72.7**	164.7
Equity shareholders' funds as at 31 March	**2,004.7**	1,932.0

27. CAPITAL COMMITMENTS

	2015 £m	2014 £m
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**34.6**	35.9

28. CONTINGENT LIABILITIES

The Group has external contingent liabilities, performance bonds and other items arising in the normal course of business amounting to £2.7m at 31 March 2015 (2014: £2.7m). As part of the Airport City partnership the Group will guarantee Airport City's obligation to pay its equity contribution of up to £30m if required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

29. OPERATING LEASE ARRANGEMENTS

At 31 March 2015 the Group has commitments under non-cancellable operating leases which expire as follows:

	2015 Land £m	2015 Other £m	2014 Land £m	2014 Other £m
Expiring within one year	1.9	8.9	1.4	8.7
Expiring between two and five years inclusive	7.6	32.8	5.5	32.1
Expiring in over five years.	35.7	247.3	33.8	242.9
	45.2	289.0	40.7	283.7

A significant portion of the commitments classified as 'other' relates to an electricity distribution agreement with UK Power Networks. The amounts disclosed within the table are the minimum amounts payable (base fee) under the agreement, and have been discounted at the Group's incremental borrowing rate. The prior year balances have been restated to reflect the comparable balances in the prior year.

The Group has a commitment in respect of leases with The Council of the City of Manchester, a related party as described in Note 33. The amount payable on the ground rent leases is a fee of £0.9m (included within the table above and increasing with inflation linked to CPI). The main city lease is variable based on turnover and rental per sq foot with no base fee or minimum commitment, and therefore isn't included in the table above. The amount charged to operating profit in the year was £9.8m (2014: £9.6m). The leases expire in 2085.

As noted above, the Group also has a commitment in respect of an electricity distribution agreement with UK Power Networks (formerly EDF Energy PLC). The total amount payable on the lease is a base fee of £7.7m (included within the table above and increasing with inflation), plus a volume and recharge element adjusted annually for inflation. The total amount charged to operating profit in the year was £10.3m (2014: £10.1m). The lease expires in 2083.

30. RELATED PARTY TRANSACTIONS

Transactions involving The Council of the City of Manchester, IFM, Manchester Airports Holdings Limited, Manchester Airport Finance Holdings Limited and MAHL Group companies.

The Council of the City of Manchester 'MCC' is a related party to Manchester Airport Group Investments Limited as MCC owns 35.5% of the share capital of the Manchester Airports Holdings Limited (MAHL), the ultimate parent company.

During the year, the Group entered into the following transactions with MCC.

Included in external charges are charges for rent and rates amounting to £25.8m (2014: £25.1m) and other sundry charges of £0.4m (2014: £1.0m). The majority of these amounts are due to MCC. The remainder are collected by MCC and distributed to other local authorities.

IFM Investors (IFM) through its subsidiary is a related party to MAHL as IFM owns 35.5% of the share capital of the Company. During the year, the Group did not enter into any transactions with IFM.

Manchester Airports Holdings Limited (MAHL) is the ultimate parent company of Manchester Airport Group Investments Limited. During the year, the Group entered into the following transactions with MAHL:

At 31 March 2015, the amounts of loans outstanding owed by MAHL was £149.0m (2014: £72.0), relating to cash transferred by the Group to MAHL for dividend payments made by MAHL to the shareholders.

Manchester Airport Finance Holdings Limited (MAFHL) is the parent company of Manchester Airport Group Investments Limited. During the year, the Group entered into the following transactions with MAFHL.

As at 31 March 2015, the balance owing by MAFHL was £60.8m (2014: £30.4m) relating to interest payments on shareholder loans held outside of the MAGIL Group.

During the year, the Group also transferred assets with carrying value of £3.2m (2014: £23.1m) to a fellow Group company within the MAHL Group. Assets of £10.0m were transferred to the Airport City Partnership, a company outside of both the MAHL and MAGIL Group, but for which the MAHL Group holds a 50% interest. All assets were transferred at book value.

31. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014	Cash flow	Other non-cash movements	2015
	£m	£m	£m	£m
Cash at bank and in hand	17.9	(13.7)	-	4.2
Cash on short term deposit	-	-	-	-
Cash and cash equivalents disclosed on the Statement of Financial Position	17.9	(13.7)	-	4.2
Overdrafts	-	-	-	-
Total cash and cash equivalents (including overdrafts)	17.9	(13.7)	-	4.2
Current debt	-	(20.0)	-	(20.0)
Non-current debt	(889.6)	4.1	(5.4)	(890.9)
Interest rate swap derivatives[1]	(14.1)	18.0	(3.9)	-
Net debt	(885.8)	(11.6)	(9.3)	(906.7)

NOTES:

1 *In April 2014 the Group terminated all of the remaining fixed interest rate swaps recognised on the Statement of Financial Position as at 31 March 2014 with a fair value net liability of £14.1m for a total cash payment to the swap counterparties of £18.0m.*

Company Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANCHESTER AIRPORTS GROUP INVESTMENTS LTD

We have audited the Parent Company financial statements of Manchester Airports Group Investments Limited for the year ended 31 March 2015 set out on pages 55 to 59. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9 the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter

We have reported separately on the Group financial statements of Manchester Airports Group Investments Limited for the year ended 31 March 2015.

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Peter's Square, Manchester M2 3AE
10 July 2015

ACCOUNTING POLICIES

These financial statements are prepared on a going concern basis and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. The accounting policies that the Company has adopted in respect of the material items shown in the Balance Sheet, and also to determine profit and loss as shown below. Unless stated otherwise, these have been applied on a consistent basis. The Company has taken advantage of the exemption from preparing a Cash flow Statement under the terms of Financial Reporting Standards ('FRS 1') (revised 1996). Furthermore, the Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of Manchester Airports Group Investments Limited.

Basis of accounting
The financial statements have been prepared under the historical cost convention.

Intercompany accounting
Intercompany balances are stated at historic cost.

Fixed asset investments
Fixed asset investments are stated at cost less any provision for diminution in value.

COMPANY BALANCE SHEET

COMPANY BALANCE SHEET AT 31 MARCH 2015

	Note	2015 £m	2014 £m
Fixed Assets			
Investments	3	**2,494.2**	2,494.2
Total assets less current liabilities		**2,494.2**	2,494.2
Net Assets		**2,494.2**	2,494.2
Capital & Reserves			
Share Capital	4	**0.3**	0.3
Share Premium	5	**2,493.9**	2,493.9
Profit & Loss account	6	**-**	-
Shareholders' funds		**2,494.2**	2,494.2

The financial statements on pages 55 to 59 were approved by the Board of Directors on 10 July 2015 and signed on its behalf by:

Neil Thompson
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. AUDITORS' REMUNERATION

	2015 £m	2014 £m
Auditors remuneration:		
Audit of these financial statements	**0.2**	0.3
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	**0.2**	0.1
All other services	**-**	0.1

2. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE COMPANY

As permitted by Section 230 of the Companies Act, the Company's profit and loss account has not been included in these financial statements. As showing in Note 6, the result attributable to the shareholders is £nil (2014: £nil) before dividends and is dealt with in the financial statements of the Company.

3. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £m
Cost and net book value	
At 31 March 2015 and 31 March 2014	2,494.2

Particulars of the full list of subsidiary undertakings are listed on pages 58-59, which forms part of these financial statements.

4. CALLED UP SHARE CAPITAL

	Number (000)	2015 £m	2014 £m
Allotted, called up and fully paid			
Ordinary shares of £1 each	300	0.3	0.3
		0.3	0.3

5. RESERVES

	Share Premium £m	Profit and loss account £m
At the beginning of the year	2,493.9	-
Result for the year	-	-
At end of year	2,493.9	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 continued

6. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2015 £m
Opening equity shareholders' funds	2,494.2
Result for the period	-
Closing equity shareholders' funds	**2,494.2**

7. CONTINGENT LIABILITIES

Assets pledged as security

Under the Common Terms Agreement signed on 14 February 2014, the Company and a number of its fellow subsidiaries have entered into a security agreement with the Group's bondholders and bankers. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets.

8. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING

The Company is a subsidiary undertaking of Manchester Airport Finance Holdings Limited. The smallest group in which the results of the Company are consolidated is that headed by Manchester Airport Group Investments Limited. Manchester Airports Holdings Limited is the Company's ultimate parent and a consolidation is also performed at this level. The consolidated financial statements of this Group are available to the public and may be obtained from Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX.

SUBSIDIARY UNDERTAKINGS

Name of undertaking	Description of shares held	Proportion of nominal value of issues shares held by Group	Company	Principal activities
Airport Advertising Limited	Ordinary £1 shares	100%		Non trading
Airport Petroleum Limited	Ordinary £1 shares	100%		Non trading
Bainsdown Limited	Ordinary £1 shares	100%		Property holding company
Bournemouth Airport Core Property Investments Limited	Ordinary £1 shares	100%		Non trading
Bournemouth Airport Property Investments (Industrial) Limited	Ordinary £1 shares	100%		Investment property holding company
Bournemouth Airport Property Investments (Offices) Limited	Ordinary £1 shares	100%		Investment property holding company
Bournemouth International Airport Limited	Ordinary £1 shares	100%		Airport operator

SUBSIDIARY UNDERTAKINGS continued

Name of undertaking	Description of shares held	Proportion of nominal value of issues shares held by Group	Company	Principal activities
East Midlands Airport Core Property Investments Limited	Ordinary £1 shares	100%		Non trading
East Midlands Airport Nottingham Derby Leicester Limited	Ordinary £1 shares	100%		Intermediate holding company of East Midlands International Airport Bournemouth International Airport Limited
East Midlands Airport Property Investments (Hotels) Limited	Ordinary £1 shares	100%		Investment property holding company
East Midlands Airport Property Investments (Industrial) Limited	Ordinary £1 shares	100%		Investment property holding company
East Midlands Airport Property Investments (Offices) Limited	Ordinary £1 shares	100%		Investment property holding company
East Midlands International Airport Limited	Ordinary £1 shares 9% cumulative redeemable preference shares	100% 100%		Airport operator
Manchester Airport Aviation Services Limited	Ordinary £1 shares	100%		Intermediate holding company for Ringway Handling Services Limited and Ringway Handling Limited
Manchester Airport Group Finance Limited	Ordinary £1 shares	100%		Investment holding company
Manchester Airport Group Funding PLC	Ordinary £1 shares	100%		Investment holding company
Manchester Airport Group Investments Limited	Ordinary £1 shares	100%		Investment holding company
Manchester Airport Group Property Developments Limited	Ordinary £1 shares	100%		Property development company
Manchester Airport Group Property Services Limited	Ordinary £1 shares	100%		Property management company
The Manchester Airport Group PLC	Ordinary £1 shares	100%	100%	Investment holding company
Manchester Airport PLC	Ordinary £1 shares	100%		Airport operator
Manchester Airport Property Investments (Hotels) Limited	Ordinary £1 shares	100%		Investment property holding company
Manchester Airport Property Investments (Industrial) Limited	Ordinary £1 shares	100%		Investment property holding company
Manchester Airport Property Investments (Offices) Limited	Ordinary £1 shares	100%		Investment property holding company
Manchester Airport Ventures Limited	Ordinary £1 shares	100%		Intermediate holding company for Airport Advertising Limited and Airport Petroleum Limited
Ringway Developments PLC	Ordinary £1 shares	100%		Property holding company
Ringway Handling Limited	Ordinary £1 shares	100%		Non trading
Ringway Handling Services Limited	Ordinary £1 shares	100%		Non trading
Stansted Airport Limited	Ordinary £1 shares	100%		Airport operator
Worknorth Limited	7% cumulative redeemable preference shares Ordinary £1 shares	100% 100%		Non trading
Worknorth II Limited	7% cumulative redeemable preference shares Ordinary £1 shares	100% 100%		Non trading

All the above companies operate in their country of incorporation or registration, which is England and Wales.

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