

Manchester Airport Group Finance
Limited

Annual report and financial statements

Registered number 8338561

Year ended 31 March 2016

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Strategic report

The directors present their strategic report of the Company for the year ended 31 March 2016.

Principal activities

The principal activity of the Company during the year was as an intermediate holding company holding external debt on behalf of Manchester Airports Holdings Limited (the 'Group') as well as back-to-back inter-company loans with Manchester Airport Group Funding Plc, which holds the external listed bonds. This is expected to continue for the foreseeable future.

Business review

The results for the year are set out on page 6. The directors do not recommend the payment of a dividend for the year ended 31 March 2016 (2015: £nil).

Principal risks and uncertainties

The key risks faced by the Company are aligned to those 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 ("KPIs")

The key performance indicators for the Company are aligned to those 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 do not use any additional KPIs for this Company.

By order of the Board



N Thompson
Director

16 December 2016

Directors' report

The directors present their directors' report and audited financial statements of the Company for the year to 31 March 2016.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

C Cornish
N Thompson

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the 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.

Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



N Thompson
Director
16 December 2016

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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;
- 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 Company will continue in business.

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



KPMG LLP

St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Manchester Airport Group Finance Limited

We have audited the financial statements of Manchester Airport Group Finance Limited for the year ended 31 March 2016 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 3, the directors are responsible for the preparation of the 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 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 financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Manchester Airport Group Finance Limited (continued)

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.



21 December 2016

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

Income Statement and Other Comprehensive Income
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Revenue		-	-
Operating Costs		-	-
		<hr/>	<hr/>
Operating profit	2	-	-
Loss on settlement of interest rate swaps	5	-	(3,865)
Interest payable and similar charges	5	(41,478)	(45,721)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(41,478)	(49,586)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss for the financial year		(41,478)	(49,586)
		<hr/>	<hr/>
Other comprehensive income for the year net of tax		-	-
		<hr/>	<hr/>
Total comprehensive expense for the year		(41,478)	(49,586)
		<hr/> <hr/>	<hr/> <hr/>

The results presented above are all derived from the Company's continuing operations.

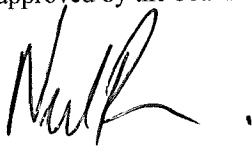
The notes on pages 9 to 20 form an integral part of these financial statements.

Statement of Financial Position
at 31 March 2016

	<i>Note</i>	2016 £000	2016 £000	2015 £000	2015 £000
Non- current assets					
Investments in subsidiary undertakings	7		2,752,303		2,752,303
			<u>2,752,303</u>		<u>2,752,303</u>
Current assets					
Trade and other receivables	8	395,371		395,371	
		<u>395,371</u>		<u>395,371</u>	
Current liabilities					
Trade and other payables	9	(109,081)		(68,552)	
				<u>(68,552)</u>	
Net current assets			286,290		326,819
			<u>286,290</u>		<u>326,819</u>
Total assets less current liabilities			3,038,593		3,079,122
			<u>3,038,593</u>		<u>3,079,122</u>
Non-current liabilities	10		(891,850)		(890,901)
			<u>(891,850)</u>		<u>(890,901)</u>
Net assets			2,146,743		2,188,221
			<u>2,146,743</u>		<u>2,188,221</u>
Capital and reserves					
Called up share capital	12		300		300
Share premium	13		2,257,366		2,257,366
Retained earnings	13		(110,923)		(69,445)
			<u>2,146,743</u>		<u>2,188,221</u>
Shareholders' funds			2,146,743		2,188,221
			<u>2,146,743</u>		<u>2,188,221</u>

The notes on pages 9 to 20 form an integral part of these financial statements.

These financial statements of Manchester Airport Group Finance Limited, registered number 8338561, were approved by the board of directors on 16 December 2016 and were signed on its behalf by:



N Thompson
Director

Statement of Changes in Equity
for the year ended 31 March 2016

	Called up Share capital	Share Premium account	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 April 2015	300	2,257,366	(69,445)	2,188,221
Total comprehensive expense for the year				
Result for the year	-	-	(41,478)	(41,478)
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	-	(41,478)	(41,478)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	300	2,257,366	(110,923)	2,146,743
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up Share capital	Share Premium account	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 April 2014	300	2,257,366	(19,859)	2,237,807
Total comprehensive expense for the year				
Result for the year	-	-	(49,586)	(49,586)
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	-	(49,586)	(49,586)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	300	2,257,366	(69,445)	2,188,221
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 20 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Manchester Airport Group Finance Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company, including the impact of restatement of prior year comparatives and transition date figures, is provided in note 16.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. No applicable exemptions have been taken in these financial statements.

The Company's ultimate parent undertaking, Manchester Airports Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Manchester Airports Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Olympic House, Manchester Airport, M90 1QX.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company has taken advantage of section 33.1A of FRS 102 and not disclosed transactions with fellow Group companies.

As the consolidated financial statements of Manchester Airports Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out herein have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Company is able to rely on the Group for financial support. Manchester Airports Holdings Limited has confirmed that it will continue to provide financial and other support to the Company, for at least the next twelve months from the date of approval of the financial statements, to the extent necessary to enable the Company to continue to trade and in particular will not seek repayment of the amounts currently made available.

The following paragraphs set out a summary of the going concern status of Manchester Airports Holdings Limited.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries and considering all available information, 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 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 facilities.

1.3 Foreign Currency

The Company financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other receivables / Payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other Payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Notes (continued)

1 Accounting policies (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges, and the amortisation of debt issue costs

Interest income and interest payable are recognised in the income statement as they accrue, using the effective interest method.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

2 Notes to the income statement

Amounts receivable by the Company's auditor and the auditor's associates in respect of services to the Company, have not been disclosed as the information is instead disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Manchester Airports Holdings Limited.

3 Remuneration of directors

N Thompson and C Cornish were directors of Manchester Airport Group Finance Limited during the year. Their remuneration was paid by Manchester Airports Holdings Limited and is disclosed in aggregate in its financial statements. The directors do not believe it is possible to apportion their remuneration to individual companies within the Manchester Airports Holdings Limited group based on services provided.

4 Staff numbers and costs

The Company had no employees during the period. The remuneration of the directors has been borne by the Company's parent company, The Manchester Airport Group PLC.

5 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on bank loans and overdrafts	4,295	4,604
Interest payable to other group undertakings ¹	36,889	36,226
Amortisation of issue costs (note 11)	294	4,891
Loss on settlement of interest rate swaps	-	3,865
	<u>41,478</u>	<u>49,586</u>

¹ This amount relates to interest due on the loan from Manchester Airport Funding Plc, granted in February 2014.

Notes (continued)

6 Taxation

Total tax expense recognised in the income statement and other comprehensive income

	2016 £000	2016 £000	2015 £000	2015 £000
<i>UK Corporation tax</i>				
Current tax on expense for the period	-		-	
Total current tax		-		-
Total tax		-		-

Total tax expense recognised in the income statement, other comprehensive income and equity

	2016 Current tax £000	2016 Deferred tax £000	2016 Total tax £000	2015 Current tax £000	2015 Deferred tax £000	2015 Total tax £000
Recognised in income statement	-	-	-	-	-	-
Total tax	-	-	-	-	-	-

Reconciliation of effective tax rate

	2016 £000	2015 £000
<i>Current tax reconciliation</i>		
Loss for the year	(41,478)	(49,586)
Total tax expense	-	-
Loss on ordinary activities before tax	(41,478)	(49,586)
Loss on ordinary activities multiplied by the standard rate of Corporation tax 20% (2015: 21%)	(8,296)	(10,413)
<i>Effects of:</i>		
Losses surrendered to other group companies	8,296	10,413
Total tax expense included in the income statement	-	-

Factors that may affect future current and total tax charges

The Finance (No. 2) Bill 2015 was substantively enacted on 16 October 2015 and included reductions in the rate of corporation tax from 1 April 2017 of 1% to 19% and a further 1% to 18% from 1 April 2020.

The March 2016 Budget announced that the rate of corporation tax from 1 April 2020 will reduce by a further 1% to 17%. This further 1% reduction to 17% had not been substantively enacted by the balance sheet date.

Notes (continued)

7 Fixed asset investments

	Shares in group undertakings £000
<i>Cost and net book value</i>	
At 31 March 2015 and 31 March 2016	2,752,303

At 31 March 2016 the Company held investments in the following subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activities	Class and Description of shares held	Percentage of shares held
Airport Advertising Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Airport Petroleum Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Bainsdown Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Bournemouth Airport Core Property Investments Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Bournemouth Airport Property Investments (Industrial) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
Bournemouth Airport Property Investments (Offices) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
Bournemouth International Airport Limited	England and Wales	Airport operator	Ordinary £1 shares	100%
East Midlands Airport Core Property Investments Limited	England and Wales	Non trading	Ordinary £1 shares	100%
East Midlands Airport Nottingham Derby Leicester Limited	England and Wales	Intermediate holding company of East Midlands International Airport Limited and Bournemouth International Airport Limited	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Hotels) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Industrial) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Offices) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands International Airport Limited	England and Wales	Airport operator	Ordinary £1 shares	100%
			Non voting 9% preference shares	100%

Notes (continued)

7 Fixed asset investments (continued)

Name of undertaking	Country of incorporation	Principal activities	Class and Description of shares held	Percentage of shares held
Manchester Airport Aviation Services Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Airport Group Property Developments Limited	England and Wales	Property development company	Ordinary £1 shares	100%
Manchester Airport Group Property Services Limited	England and Wales	Property development company	Ordinary £1 shares	100%
Manchester Airport PLC	England and Wales	Airport operator	Ordinary £1 shares	100%
Manchester Airport Property Investments (Hotels) Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Airport Property Investments (Industrial) Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Airport Property Investments (Offices) Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Ventures Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Ringway Developments PLC	England and Wales	Property development company	Ordinary £1 shares	100%
Ringway Handling Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Ringway Handling Services Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Stansted Airport Limited	England and Wales	Airport operator	Ordinary £1 shares	100%
Worknorth Limited	England and Wales	Non trading	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%
Worknorth II Limited	England and Wales	Non trading	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%

Notes (continued)

8 Trade and other receivables

	2016 £000	2015 £000
Amounts owed by group undertakings - non interest bearing	395,371	395,371
	<u>395,371</u>	<u>395,371</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

9 Trade and other payables

	2016 £000	2015 £000
Bank overdraft	563	-
Bank loans	-	20,000
Other payables	216	171
Amounts owed to group undertakings	108,302	48,381
	<u>109,081</u>	<u>68,552</u>

Interest on the bank loans and overdraft is linked to LIBOR plus a margin.

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

10 Other non-current liabilities

	2016 £000	2015 £000
Bank loans and overdrafts (note 11)	89,434	89,140
Amounts owed to group undertakings - interest bearing (note 11)	802,416	801,761
	<u>891,850</u>	<u>890,901</u>

Amounts owed to group undertakings – interest bearing at 31 March 2016 represented a loan from Manchester Airport Group Funding Plc. At 31 March 2016, the effective rate on the loan was 4.60%

Notes (continued)

11 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Borrowings are repayable as follows;

	2016 £000	2015 £000
In one year or less, or on demand	563	20,000
Bank loans and overdrafts		
In more than two years, but no more than five years	89,434	89,140
Bank loans		
In more than five years – due by other instalments	802,416	801,761
Amounts owed to group undertakings		
	<u>892,413</u>	<u>910,901</u>
Total interest bearing borrowings	<u><u>892,413</u></u>	<u><u>910,901</u></u>

Analysis of bank loans and overdrafts is as follows:

	2016 £000	2015 £000
Amounts due between two and five years:		
Secured Senior Term Facility £90m	89,996	89,996
Less: unamortised debt issue costs	(562)	(856)
	<u>89,434</u>	<u>89,140</u>

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

The secured senior facility was due to terminate in February 2018. Subsequent to the year end, the Group completed the refinancing of its revolving credit and liquidity facilities. The new facilities comprise a £500 million revolving credit facility and £60 million in standby liquidity facilities, each with a five year term, maturing in June 2021, with optional extensions. The remaining £90 million balance on the Secured Senior Term Facility has been repaid from this new facility.

Analysis of the amounts owed to group undertakings is as follows:

	2016 £000	2015 £000
Amounts due in more than five years:		
Inter-company loan @ 4.125% repayable in 2024	360,000	360,000
Inter-company loan @ 4.75% repayable in 2034	450,000	450,000
Less: discount on issue	(2,028)	(2,203)
Less: unamortised debt issue costs	(5,556)	(6,036)
	<u>802,416</u>	<u>801,761</u>

The inter-company issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

Notes (continued)

12 Called up share capital

	2016	2015
	£000	£000
<i>Allotted, called up and fully paid</i>	300	300
300,000 Ordinary shares of £1 each		

13 Reserves

	Share premium £000	Retained earnings £000
At 1 April 2015	2,257,366	(69,445)
Loss for the year	-	(41,478)
	<hr/>	<hr/>
At 31 March 2016	2,257,366	(110,923)
	<hr/> <hr/>	<hr/> <hr/>
	Share premium £000	Retained earnings £000
At 1 April 2014	2,257,366	(19,859)
Loss for the year	-	(49,586)
	<hr/>	<hr/>
At 31 March 2015	2,257,366	(69,445)
	<hr/> <hr/>	<hr/> <hr/>

14 Contingent liabilities

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 banks. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets.

15 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of The Manchester Airport Group PLC. The smallest Group in which the results of the Company are consolidated is that headed by Manchester Airport Group Investments Limited. The Company's ultimate parent is Manchester Airports Holdings Limited. The consolidated financial statements of these Groups are available to the public and may be obtained from Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX, or via the website at www.magworld.co.uk.

16 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

Notes (continued)

16 Explanation of transition to FRS 102 from old UK GAAP (continued)

In preparing its FRS 102 statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance, including the impact of restatement of prior year comparative and transition date figures, is set out in the following tables and the notes that accompany the tables.

Reconciliations provided shall, to the extent practicable, distinguish the correction of errors from changes in accounting policies.

Reconciliation of equity

	Note	1 April 2014 comparative			31 March 2015 comparative		
		Old UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000	Old UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Non-current assets							
Investments		2,752,303	-	2,752,303	2,752,303	-	2,752,303
Derivative financial assets	a	-	3,370	3,370	-	-	-
		<u>2,752,303</u>	<u>3,370</u>	<u>2,755,673</u>	<u>2,752,303</u>	<u>-</u>	<u>2,752,303</u>
Current assets							
Trade and other receivables		392,489	-	392,489	395,371	-	395,371
		<u>392,489</u>	<u>-</u>	<u>392,489</u>	<u>395,371</u>	<u>-</u>	<u>395,371</u>
Current liabilities							
		(3,347)	-	(3,347)	(68,552)	-	(68,552)
		<u>389,142</u>	<u>-</u>	<u>389,142</u>	<u>326,819</u>	<u>-</u>	<u>326,819</u>
Net current (liabilities) /assets							
Non-current liabilities	a	(917,655)	10,647	(907,008)	(890,901)	-	(890,901)
		<u>2,223,790</u>	<u>14,017</u>	<u>2,237,807</u>	<u>2,188,221</u>	<u>-</u>	<u>2,188,221</u>
Net assets							
Capital and reserves							
Called up share capital		300	-	300	300	-	300
Share premium account		2,257,366	-	2,257,366	2,257,366	-	2,257,366
Retained earnings	a	(33,876)	14,017	(19,859)	(69,445)	-	(69,445)
		<u>2,223,790</u>	<u>14,017</u>	<u>2,237,807</u>	<u>2,188,221</u>	<u>-</u>	<u>2,188,221</u>
Shareholders' equity							

Notes to the reconciliation of equity

a) Derivative financial liabilities, (included within non-current liabilities) were previously held at cost under old UK GAAP, have been presented at their fair value under FRS 102, which represents a financial asset and a financial liability, the corresponding reduction in value of the derivative financial liability is included within the income statement. The interest rate swaps were cancelled in April 2014 and therefore there is no impact on the statement of financial position at 31 March 2015.

Notes (continued)

16 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of profit for comparative

	Note	Old UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Revenue				
Operating costs		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
Operating profit		-	-	-
Other interest receivable and similar income	b	9,852	(9,852)	-
Loss on settlement of interest rate swaps		-	(3,865)	(3,865)
Interest payable and similar charges	b	(45,421)	(300)	(45,721)
		<u>(35,569)</u>	<u>(14,017)</u>	<u>(49,586)</u>
Loss on ordinary activities before taxation				
Tax on loss on ordinary activities		-	-	-
		<u>(35,569)</u>	<u>(14,017)</u>	<u>(49,586)</u>
Loss for the year		<u>(35,569)</u>	<u>(14,017)</u>	<u>(49,586)</u>

Notes to the reconciliation of profit for comparative

b) Under old UK GAAP, interest gain on settlements of financial liabilities was previously calculated compared to the value of derivative liabilities which were held at cost, which resulted in a gain on settlement of £9,852,000.

Under FRS 102 derivative financial liabilities are held at fair value, the settlement of financial liabilities is calculated based on the fair value amount, which resulted in a loss on settlement of £3,865,000.