

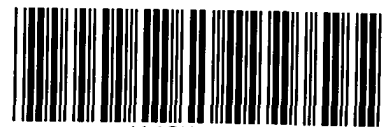
Manchester Airport PLC

Annual report and financial statements

Registered number 1960988

Year ended 31 March 2015

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Strategic report

The directors present their strategic report of the Company for the year ended 31 March 2015.

Principal activities

The principal activities of the Company during the year were the operation and development of an international airport for the North West of England. The Company's revenues were derived primarily from aircraft and passenger handling charges, together with income from aviation, commercial and retail activities.

Business review and future outlook

The results for the year are set out on page 7. The directors do not recommend a payment in the year of a dividend (2014: £nil).

The Company intends to continue the development of Manchester Airport as a world-class airport to meet the requirements of users and to continue to contribute to the development of the economy of the North West of England.

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 have not used any additional KPIs for this Company.

By order of the board



N Thompson

Director

8 September 2015

Directors' report

The directors present their directors' report and audited financial statements of the Company for the year ended 31 March 2015.

Directors

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

C Cornish

K O'Toole

N Thompson

Employees

The Company's employment policies are regularly reviewed and updated by the Board.

The Company is committed to providing equality of opportunity to all employees and potential employees. The Company gives full and careful consideration to applications for employment from all people regardless of their sex, ethnic origin, nationality, sexuality, age, disability or religious beliefs, bearing in mind the respective aptitudes and abilities of the applicant concerned. This also applies to training and promotion within the Company.

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Diversity

The Company provides services for a changing and diverse society and the Board of Directors considers that to provide the best services for our customers it is essential that the Company embrace diversity in the workforce. Accordingly, the Company has a programme of activity, which aims to ensure that these objectives are achieved

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 Company as a whole. At regular intervals all employees are invited to take part in a Company wide survey of employee views. Employees receive a written summary of the results of the survey and are given the opportunity to discuss these with their respective management teams.

The Company is constantly looking for ways to ensure that employees are able to participate and engage in the business. As part of the Trade Union arrangements, various employee forums exist for each business area. In addition, business briefings are cascaded throughout the organisation to communicate key business and operational issues.

Financial Risk Management

The Company's activities expose it to a variety of financial risks. The Company'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.

For more details of the management of these risks please refer to note 24 of the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any additional risks specific for this Company.

Political and charitable contributions

The Company made no political or charitable donations during the year or in the prior year.

Directors' report (continued)

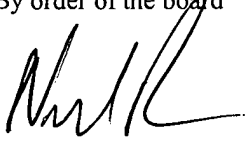
Disclosure of information to auditor

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

A handwritten signature in black ink, appearing to be 'N Thompson', written over the text 'By order of the board'.

N Thompson

Director

8 September 2015

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

The directors are responsible for preparing the Strategic report, 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).

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

One St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Manchester Airport PLC

We have audited the financial statements of Manchester Airport PLC for the year ended 31 March 2015 set out on pages 7 to 30. 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 4, 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 2015 and of its profit 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

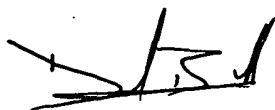
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Manchester Airport PLC (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.

 9 September 2015

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

Profit and Loss Account
for the year ended 31 March 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	389,523	353,826
Operating costs		(304,632)	(277,934)
Operating profit before significant items	3	84,891	75,892
Restructuring costs	3	(2,445)	(252)
Operating profit		82,446	75,640
Interest receivable and similar income	6	19,955	15,644
Interest payable and similar charges	7	(15,644)	(15,925)
Profit on ordinary activities before taxation		86,757	75,359
Tax on profit on ordinary activities	8	(17,476)	(4,494)
Profit for the financial year		69,281	70,865

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

The notes on pages 10 to 30 form an integral part of these financial statements.

Balance Sheet
at 31 March 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Intangible assets	<i>9</i>		49,483		40,000
Tangible assets	<i>10</i>		1,048,320		1,052,949
Investments	<i>11</i>		9,315		9,315
			<hr/>		<hr/>
			1,107,118		1,102,264
Current assets					
Stocks	<i>12</i>	396		343	
Debtors	<i>13</i>	403,411		185,558	
Cash at bank and in hand		758		258	
			<hr/>	<hr/>	
Creditors: amounts falling due within one year	<i>14</i>	404,565 (346,682)		186,159 (197,916)	
			<hr/>	<hr/>	
Net current assets/(liabilities)			57,883		(11,757)
			<hr/>	<hr/>	
Total assets less current liabilities			1,165,001		1,090,507
Creditors: amounts falling due after more than one year	<i>15</i>		(13,323)		(14,229)
Provisions for liabilities	<i>16</i>		(28,016)		(24,878)
			<hr/>	<hr/>	
Net assets excluding pension liabilities			1,123,662		1,051,400
Pension liabilities	<i>21</i>		(36,516)		(23,855)
			<hr/>	<hr/>	
Net assets including pensions liabilities			1,087,146		1,027,545
			<hr/> <hr/>	<hr/> <hr/>	
Capital and reserves					
Called up share capital	<i>17</i>		204,380		204,380
Share premium	<i>18</i>		162,419		162,419
Revaluation reserve	<i>18</i>		218,041		230,910
Profit and loss account	<i>18</i>		502,306		429,836
			<hr/>	<hr/>	
Shareholders' funds			1,087,146		1,027,545
			<hr/> <hr/>	<hr/> <hr/>	

The notes on pages 10 to 30 form an integral part of these financial statements.

These financial statements of Manchester Airport PLC, registered number 1960988, were approved by the board of directors on 8 September 2015 and were signed on its behalf by:



N Thompson
Director

Statement of Total Recognised Gains and Losses
for the year ended 31 March 2015

	2015 £000	2014 £000
Profit for the financial year	69,281	70,865
Unrealised surplus on revaluation of properties	8,074	78
Effect of change in rate of corporation tax	-	(1,499)
Actuarial (loss)/gain recognised in the pension scheme	(22,193)	18,634
Deferred tax arising on (losses)/gains in the pension scheme	4,439	(3,727)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	59,601	84,351
	<hr/> <hr/>	<hr/> <hr/>

Note of Historical Cost Profits and Losses
for the year ended 31 March 2015

	2015 £000	2014 £000
Reported profit on ordinary activities before taxation	86,757	75,359
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	20,943	20,943
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	107,700	96,302
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	90,224	91,808
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 March 2015

	2015 £000	2014 £000
Profit for the financial year	69,281	70,865
	<hr/>	<hr/>
Retained profit	69,281	70,865
Other recognised (losses)/gains relating to the year	(9,680)	13,486
	<hr/>	<hr/>
Net addition to shareholders' funds	59,601	84,351
Opening shareholders' funds	1,027,545	943,194
	<hr/>	<hr/>
Closing shareholders' funds	1,087,146	1,027,545
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 30 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently throughout the year in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, and under the historical cost accounting rules.

The Company is exempt by virtue of s228 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.

Under FRS 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements and are publicly available.

As the Company is a wholly owned subsidiary of Manchester Airports Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Manchester Airports Holdings Limited, within which this Company is included, can be obtained from the address given in note 22.

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, 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

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Tangible fixed assets and depreciation

Tangible fixed assets 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 SSAP 19 'Investment properties'. Fixed assets are stated at cost or deemed cost less accumulated depreciation. Cost includes directly attributable own labour.

Notes (continued)

Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold and long leasehold property	-	10 - 50 years
Runways, taxiways and aprons	-	10 - 75 years
Main services	-	7 - 50 years
Plant and machinery	-	5 - 25 years
Motor vehicles	-	3 - 7 years
Fixtures, fittings, tools and equipment	-	5 - 10 years

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 FRS 15 recognition and capitalisation criteria.

Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Investment properties

In accordance with Statement of Standard Accounting Practice ('SSAP') 19 'Accounting for Investment Properties', all investment properties were valued by an Independent Property Valuer, Deloitte, Chartered Surveyors on 31 March 2015. These valuations were prepared in accordance with the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. The surplus or deficit in the valuation is transferred to a revaluation reserve. Permanent deficits are written off to the profit and loss account to the extent that such deficits exceed the balance sheet standing to the credit of the investment revaluation reserve.

No provision is made for depreciation of investment properties. This departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated is, in the opinion of the directors, necessary for the financial statements to show a true and fair view in accordance with applicable Accounting Standards. It is not possible to quantify the depreciation that would otherwise have been charged.

Notes (continued)

Accounting policies (continued)

Intangible Assets

Intangible assets that are acquired by the Company 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 is recognized in the profit and loss account 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.

Leases

Leases are classified according to the substance of the agreement. Where substantially all the risks and rewards of ownership are transferred to the Company, 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 over the lease term. Any benefits received by the Company 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.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

Accounting policies *(continued)*

Turnover

Turnover, which excludes value added tax, represents amounts received and receivable by the Company for services provided in the normal course of business, rent receivable and income from commercial concessions. The following revenue recognition criteria apply to the Company'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 charges levied according to weight, recognised at point of departure;
- Aircraft parking charges based upon a combination of weight and time parked, recognised at time of parking;
- Car parking income recognised at the point of parking for Short and Long Stay parking. Contract parking 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.

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 Company's underlying financial performance.

Such items include impairment of assets, major reorganisation of businesses and integration costs associated with significant acquisitions.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Analysis of turnover

	2015 £000	2014 £000
<i>By activity:</i>		
Aviation	200,131	179,493
Retail concessions	73,432	64,208
Car parking	59,701	51,998
Property and property related	23,487	24,637
Other	32,772	33,490
	389,523	353,826
	389,523	353,826

The directors consider the business to have only one segment. All of the Company's revenue arises in the United Kingdom and details of the revenue generated by each of the Company's key activities are disclosed above.

3 Notes to the profit and loss account

	2015 £000	2014 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Restructuring costs (<i>Note 1</i>)	2,445	252
Depreciation and other amounts written off tangible fixed assets:		
- Owned	60,309	56,777
- Leased	-	-
Release of capital based grants	(688)	(688)
Hire of other assets – operating leases	11,279	10,495
Gain on disposal of fixed assets	(3)	-
	11,279	10,495
	11,279	10,495

(Note 1) The restructuring costs are in respect of an organisational efficiency programme. The costs include severance pay and exceptional pension contributions.

Auditor's remuneration:

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

Notes (continued)

4 Remuneration of directors

C Cornish, K O'Toole and N Thompson were directors of Manchester Airport Holdings Limited during the year, and their remuneration is disclosed in its financial statements. The directors do not believe it is possible to apportion their remuneration to individual companies within Manchester Airport Holdings Limited group based on services provided.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Staff:		
Operational	2,017	1,840
Management & Administrative	78	76
	2,095	1,916
	2,095	1,916

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£000	£000
Wages and salaries	50,280	45,523
Social security costs	4,107	3,824
Other pension costs	3,875	3,282
	58,262	52,629
	58,262	52,629

Notes *(continued)*

6 Other interest receivable and similar income

	2015 £000	2014 £000
Expected return on pension scheme assets	19,952	15,644
Other interest receivable	3	-
	19,955	15,644
	19,955	15,644

7 Interest payable and similar charges

	2015 £000	2014 £000
Interest on pension scheme liabilities	15,644	15,925
	15,644	15,925
	15,644	15,925

Notes (continued)

8 Taxation

Analysis of charge in period

	2015 £000	£000	2014 £000	£000
<i>UK Corporation tax</i>				
Current tax on income for the period	11,902		7,435	
Adjustments in respect of prior periods	1,162		(460)	
	<hr/>		<hr/>	
Total current tax		13,064		6,975
<i>Deferred tax</i>				
Origination/reversal of timing differences	3,070		3,005	
Pension costs	1,274		299	
Adjustment in respect of previous years	68		(2,504)	
Effect of change in rate of Corporation tax	-		(3,281)	
	<hr/>		<hr/>	
Total deferred tax		4,412		(2,481)
		<hr/>		<hr/>
Tax on profit on ordinary activities		17,476		4,494
		<hr/> <hr/>		<hr/> <hr/>

Factors affecting the tax charge for the current period

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

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	86,757	75,359
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of Corporation tax 21% (2014: 23%)	18,219	17,333
<i>Effects of:</i>		
Expenses not deductible for tax purposes	15	5
Uplift in depreciation on revalued element of assets and other non qualifying fixed assets	4,398	4,817
Depreciation for period in excess of Capital allowances	1,462	1,378
Non taxable income	(190)	(208)
Utilisation of group losses	(10,611)	(15,511)
Short term timing differences	(54)	(34)
FRS 17 pension adjustment	(1,337)	(345)
Adjustments to tax charge in respect of previous periods	1,162	(460)
	<hr/>	<hr/>
Total current tax charge (see above)	13,064	6,975
	<hr/> <hr/>	<hr/> <hr/>
Taxation on recognised gains and losses not recognised in the profit and loss account		
	2015 £000	2014 £000
Deferred tax arising on actuarial losses/gains in the pension scheme	4,439	(3,727)
Effect of change in rate of corporation tax	-	(1,499)
	<hr/>	<hr/>
	4,439	(5,226)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Taxation (continued)

Factors that may affect future current and total tax charges

The impact of the revaluation depreciation will usually result in overall higher current taxation as a percentage of pre-taxation profits.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax balance at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

9 Intangible assets

	£000
<i>Cost</i>	
At beginning of year	40,000
Additions	10,536
	50,536
At end of year	50,536
<i>Amortisation</i>	
At beginning of year	-
Charge for the year	1,053
	1,053
At end of year	1,053
<i>Net book value</i>	
At 31 March 2015	49,483
At 31 March 2014	40,000

The Company 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 has been capitalised and is 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.

Notes (continued)

10 Tangible fixed assets

	Investment properties £000	Freehold land and property £000	Long leasehold property £000	Airport infrastructure £000	Plant, fixtures and equipment £000	Assets in the course of construction £000	Total £000
Cost							
At beginning of year	202,851	24,247	376,133	550,551	458,723	29,183	1,641,688
Additions	-	-	-	-	-	47,453	47,436
Reclassification	850	900	6,874	12,858	21,625	(43,107)	-
Revaluations	8,074	-	-	-	-	-	8,074
At end of year	211,775	25,147	383,007	563,409	480,348	33,529	1,697,215
Depreciation							
At beginning of year	-	-	123,267	181,467	284,005	-	588,739
Charge for year	-	-	10,883	18,405	31,021	-	60,309
At end of year	-	-	134,150	199,872	314,873	-	648,895
Net book value							
At 31 March 2015	211,775	25,147	248,857	363,537	165,475	33,529	1,048,320
At 31 March 2014	202,851	24,247	252,866	369,084	174,718	29,183	1,052,949

Historical cost

	Investment properties £000	Freehold land and property £000	Long leasehold property £000	Airport infrastructure £000	Plant, fixtures and equipment £000	Assets in course of construction £000	Total £000
At 31 March 2015							
Cost	66,469	10,555	307,454	311,604	398,098	33,529	1,127,709
Aggregate depreciation based on cost	-	-	69,678	173,521	283,003	-	526,202
At 31 March 2014							
Cost	65,619	9,655	300,580	298,746	376,473	29,183	1,080,256
Aggregate depreciation based on cost	-	-	65,125	161,532	260,485	-	487,142

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

The existing use value of land and buildings includes notional directly attributable acquisition costs. The open market value of land and buildings is determined before the deduction of expected selling costs.

Notes *(continued)*

11 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	11,315
<i>Provisions</i>	
At beginning and end of year	(2,000)
<i>Net book value</i>	
At 31 March 2015 and 31 March 2014	9,315

The principal companies in which the Company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and description of shares held	Percentage of shares held
<i>Subsidiary undertakings</i>				
Ringway Developments PLC	England and Wales	Property development company	Ordinary £1 shares	100%
Worknorth Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Worknorth II Limited	England and Wales	Non trading	Cumulative participating £1 preference shares	100%
			Ordinary £1 shares	100%
Bainsdown Limited	England and Wales	Non trading	Cumulative participating £1 preference shares Ordinary £1 shares	100%
Manchester Airport Property Investments (Hotels) 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 Airport Property Investments (Industrial) Limited	England and Wales	Non trading	Ordinary £1 shares	100%

Notes (continued)

12 Stocks

	2015 £000	2014 £000
Raw materials and consumables	396	343
	396	343
	396	343

13 Debtors

	2015 £000	2014 £000
Trade debtors	17,718	12,642
Amounts owed by group undertakings	374,046	159,795
Other debtors	613	3
Prepayments and accrued income	11,034	13,088
	403,411	185,558
	403,411	185,558

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

14 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank overdraft	-	25
Capital based grants	688	688
Trade creditors	14,878	13,110
Amounts owed to group undertakings	267,575	128,263
Taxation and social security (includes Corporation tax)	13,920	9,264
Other creditors	1,821	5,168
Accruals and deferred income	47,800	41,398
	346,682	197,916
	346,682	197,916

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

15 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Capital based grants	8,203	8,891
Accruals and deferred income	5,120	5,338
	13,323	14,229
	13,323	14,229

Notes (continued)

16 Provisions for liabilities

	Deferred Taxation £000
At beginning of year	24,878
Credit to the profit and loss for the year	3,138
	28,016
At end of year	28,016

The elements of deferred taxation are as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and capital allowances	26,053	23,034
Short term timing differences	1,963	1,844
	28,016	24,878
Deferred taxation	28,016	24,878
Deferred tax asset on pension liability	(9,129)	(5,964)
	18,887	18,914

Reconciliation of the movement in the deferred tax asset relating to the pension deficit:

	2015 £000	2014 £000
As at 1 April	5,964	11,489
Deferred tax charged to the profit and loss account	(1,274)	(299)
Deferred tax credited/(charged) to the statement of total recognised gains and losses:		
- On actuarial loss/(gain)	4,439	(3,727)
- On change in tax rate	-	(1,499)
	9,129	5,964

The deferred tax asset of £9.1m (2014: £6.0m) has been deducted in arriving at the net pension deficit on the balance sheet – see note 21

If investment properties were sold at their current market value, this would result in a potential deferred taxation liability of £29.1m (2014: £27.4m), which has not been provided for as the Company has not entered into any binding agreements to sell the revalued assets and has no intention to dispose of these assets. The liability disclosed is stated before indexation and any incidental costs of disposal.

Revaluations of other operational assets have resulted in a potential maximum deferred taxation liability (before taking into account indexation, availability of roll-over relief and incidental costs of disposal) of £14.5m (2014: £18.7m), which again has not been provided for as the Company has not entered into any binding agreements to sell the revalued assets and has no intention to dispose of these assets.

17 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
204,380,000 Ordinary shares of £1 each	204,380	204,380

Notes (continued)

18 Reserves

	Share premium	Revaluation reserve	Profit and loss account
	£000	£000	£000
At beginning of year	162,419	230,910	429,836
Profit for the year	-	-	69,281
Actuarial losses recognised in the pension scheme	-	-	(22,193)
Deferred tax arising on losses in the pension scheme	-	-	4,439
Revaluation surplus	-	8,074	-
Depreciation transfer to profit and loss	-	(20,943)	20,943
	<u>162,419</u>	<u>218,041</u>	<u>502,306</u>

The transfer from the revaluation reserve to the profit and loss account represents the difference between the depreciation charge for the year based on revalued amounts and the depreciation charge for the year based on historical cost.

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

A contingent liability exists in respect of development work in relation to access roads for standard contractual defects periods.

20 Commitments

(a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2015 £000	2014 £000
Contracted	<u>5,636</u>	<u>14,216</u>

(b) Annual minimum commitments under non-cancellable operating leases are as follows:

	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
Operating leases which expire:				
Within one year	-	6	-	160
In the second to fifth years inclusive	-	139	-	30
Over five years	<u>2,168</u>	-	<u>2,241</u>	-
	<u>2,168</u>	<u>145</u>	<u>2,241</u>	<u>190</u>

The Company has a commitment in respect of leases with The Council of the City of Manchester. 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 total amount charged to operating profit in respect to these two leases in the year was £9.8m (2014: £9.6m) included within note 3. The leases expire in 2085.

Notes (continued)

21 Pension scheme

Defined contribution pension scheme

The Company operates two defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £2,354,000 (2014: £1,765,000).

Contributions amounting to £211,000 (2014: £251,000) were payable to the scheme and are included in creditors.

Defined benefit scheme - Greater Manchester Pension Fund

Certain employees of the company participate in the Greater Manchester Pension Fund administered by Tameside Borough Council. The scheme is of the defined benefit type and is funded. The securities portfolio of the fund is managed by two external professional investment managers and the property portfolio is managed internally. Participation is by virtue of the company's status as an 'admitted body' to the Fund.

An actuarial valuation of the GMPF scheme, using the projected unit basis, was carried out at 31 March 2015 by PwC, independent consulting actuaries.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed Group policy throughout the periods shown.

	2015 £000	2014 £000
Present value of funded defined benefit obligations	(399,275)	(353,952)
Fair value of plan assets	359,904	330,220
	<hr/>	<hr/>
Present value of unfunded defined benefit obligations	(39,371) (6,274)	(23,732) (6,087)
	<hr/>	<hr/>
Deficit	(45,645)	(29,819)
Related deferred tax asset	9,129	5,964
	<hr/>	<hr/>
Net liability	<u>(36,516)</u>	<u>(23,855)</u>

Movements in present value of defined benefit obligation

	2015 £000	2014 £000
At 1 April	(360,039)	(365,469)
Current service cost	(2,623)	(2,996)
Past service cost	(562)	-
Interest cost	(15,544)	(15,825)
Curtailement and settlements	-	-
Actuarial (losses)/gains	(41,202)	11,330
Contributions by members	(1,217)	(1,124)
Benefits paid	15,638	14,045
	<hr/>	<hr/>
At 31 March	<u>(405,549)</u>	<u>(360,039)</u>

Notes (continued)

21 Pension schemes (continued)

Movements in fair value of plan assets

	2015 £000	2014 £000
At 1 April	330,220	315,518
Expected return on plan assets	19,852	15,544
Actuarial gains	19,009	7,304
Contributions by employer	5,244	4,775
Contributions by members	1,217	1,124
Benefits paid	(15,638)	(14,045)
	<hr/>	<hr/>
At 31 March	359,904	330,220
	<hr/> <hr/>	<hr/> <hr/>

Expense recognised in the profit and loss account

	2015 £000	2014 £000
Current service cost	2,623	2,996
Past service cost	562	-
Interest on defined benefit pension plan obligation	15,544	15,825
Expected return on defined benefit pension plan assets	(19,852)	(15,544)
	<hr/>	<hr/>
Total	(1,123)	3,277
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the profit and loss account:

	2015 £000	2014 £000
Operating costs	3,185	2,996
Interest receivable and similar income	(19,852)	(15,544)
Interest payable and similar charges	15,544	15,825
	<hr/>	<hr/>
	(1,123)	3,277
	<hr/> <hr/>	<hr/> <hr/>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £22,193,000 (2014: gain of £18,634,000).

Notes *(continued)*

21 Pension schemes *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2015	2014
	Fair value	Fair value
	£000	£000
Equities	265,453	256,159
Bonds	40,956	45,906
Property	26,394	16,416
Other	27,101	11,739
	359,904	330,220

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2015	2014
	%	%
Discount rate	3.30	4.40
Expected rate of return on plan assets	N/A	6.20
Expected return on plan assets at beginning of the period	6.20	5.10
Future salary increases	3.05	3.45
Inflation assumption	2.05	2.45

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.0 years (male), 23.5 years (female).
- Future retiree upon reaching 65: 23.0 years (male), 25.7 years (female).

Notes *(continued)*

21 Pension schemes *(continued)*

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of scheme liabilities	(405,549)	(360,039)	(365,469)	(337,489)	(314,344)
Fair value of scheme assets	359,904	330,220	315,519	282,389	284,844
Deficit	(45,645)	(29,819)	(49,950)	(55,100)	(29,500)

Experience adjustments

	2015 £000	2014 £000
Experience adjustments on scheme liabilities	2,435	25,189
Experience adjustments on scheme assets	19,009	7,304

The Company expects to contribute approximately £5.2m to its defined benefit plans in the next financial year.

The last full valuation of the fund was carried out at 31 March 2013. The fund was valued using the projected unit method. The purpose of the valuation was 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 (last valuation in 2010: £10,445m). The funding level of the scheme, which is measured using the actuarial method of valuation was 90.5%.

Notes *(continued)*

21 Pension schemes *(continued)*

Defined benefit scheme - Airport Ventures Pension Scheme

During the financial year to 31 March 2015 the company participated in the Airport Ventures Pension Scheme, a defined benefit scheme, which covers employees of the company and its subsidiaries. The assets of the scheme are held in a separate trustee administered fund. The scheme commenced on 1 August 1992. The triennial valuation as at 1 August 2013 has been performed but, for the purpose of this disclosure, the liabilities have been projected from 1 August 2013, allowing for cashflows and significant member movements during the intervening period.

The pension cost is assessed in accordance with the advice of independent consulting actuaries using the projected unit funding method. The assumptions that have the most significant effect on the calculation of pension cost are those relating to the rate of return on investments and the rate of increase in salaries and pensions.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed Group policy throughout the periods shown.

Effective from 1 April 2010 a new Consolidated Deed and Rules was signed by the Trustees of the scheme changing the Principal Employer to Manchester Airport plc. Accordingly the operation of the pension scheme and the net assets of the scheme have been transferred to Manchester Airport Plc from Manchester Airport Ventures Limited.

	2015	2014
	£000	£000
Present value of funded defined benefit obligations	(2,800)	(2,400)
Fair value of plan assets	3,600	3,100
	800	700
Asset	800	700
Asset not recoverable through reduced future contributions	(800)	(700)
	-	-
Net asset	-	-

Notes (continued)

21 Pension schemes (continued)

Movements in present value of defined benefit obligation

	2015 £000	2014 £000
At 1 April	(2,400)	(2,379)
Interest cost	(100)	(100)
Actuarial losses	(400)	-
Benefits paid	100	79
	<hr/>	<hr/>
At 31 March	(2,800)	(2,400)
	<hr/> <hr/>	<hr/> <hr/>

Movements in fair value of plan assets

	2015 £000	2014 £000
At 1 April	3,100	3,462
Expected return on plan assets	100	100
Actuarial gains/(losses)	500	(383)
Benefits paid	(100)	(79)
	<hr/>	<hr/>
At 31 March	3,600	3,100
	<hr/> <hr/>	<hr/> <hr/>

Expense recognised in the profit and loss account

	2015 £000	2014 £000
Interest on defined benefit pension plan obligation	100	100
Expected return on defined benefit pension plan assets	(100)	(100)
	<hr/>	<hr/>
Total	-	-
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the profit and loss account:

	2015 £000	2014 £000
Interest receivable and similar income	(100)	(100)
Interest payable and similar charges	100	100
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

The total amount of actuarial gains is £100,000 (2014: loss of £383,000), which is not recognised in the statement of total recognised gains and losses as the surplus on the pension scheme is not recoverable through future pension contributions.

Notes (continued)

21 Pension schemes (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2015 Fair value £000	2014 Fair value £000
Equities	-	-
Bonds	3,500	3,000
Other	100	100
	<u>3,600</u>	<u>3,100</u>

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2015 %	2014 %
Discount rate	3.20	4.30
Expected rate of return on plan assets	N/A	3.40
Expected return on plan assets at beginning of the period	3.40	5.10
Future salary increases	N/A	N/A
Inflation assumption	2.05	2.45

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.5 years (male), 23.8 years (female).
- All members are retired.

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of scheme liabilities	(2,800)	(2,400)	(2,379)	(2,001)	(1,869)
Fair value of scheme assets	3,600	3,100	3,462	3,050	3,032
	<u>800*</u>	<u>700*</u>	<u>1,083*</u>	<u>1,049*</u>	<u>1,163*</u>

* This asset is not recoverable through reduced future contributions and therefore has not been recognised.

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

The Company is a subsidiary undertaking of Manchester Airport Group Finance Limited. 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 Manchester Airports Holdings Limited Group are available to the public and may be obtained from Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX.