

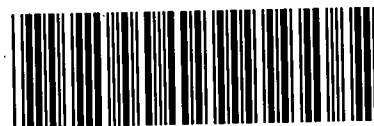
# Manchester Airport Group Funding Plc

## Directors' report and financial statements

Registered number 8826541

Period ended 31 March 2014

TUESDAY



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## Contents

Directors' Report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	2
Independent auditor's report to the members of Manchester Airport Group Funding Plc	3
Profit and Loss Account	5
Balance Sheet	6
Statement of Total Recognised Gains and Losses	7
Reconciliation of Movements in Shareholders' Funds	7
Notes relating to the financial statements	8

## Directors' report

The directors present their directors' report and audited financial statements for the period from incorporation on 27 December 2013 to 31 March 2014.

In accordance with Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company is exempt from preparing a Strategic Report.

### Principal activities

The principal activity of the Company during the period from incorporation was as a debt issuing company on behalf of the Group.

### Business review

The company was incorporated on 27 December 2013. The results for the period are set out on page 6. The directors recommended the payment in the period of a dividend of £nil.

### 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 ("KPIs")

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 on pages 8 to 29. The directors do not use any additional KPIs for this Company.

### Directors

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

C Cornish (appointed 27 December 2013)

N Thompson (appointed 27 December 2013)

### Political contributions

The Company made no political donations during the period.

### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

### Auditors

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

By order of the board



**N Thompson**  
Director

25 September 2014

## **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).

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 James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditor's report to the members of Manchester Airport Group Funding Plc**

We have audited the financial statements of Manchester Airport Group Funding Plc for the period ended 31 March 2014 set out on pages 5 to 12. 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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](http://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 2014 and of its profit for the period 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**

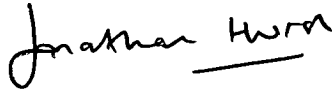
In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of Manchester Airport Group Funding 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.
- the Directors were not entitled to take advantage of the small companies exemption in not preparing a Strategic Report.



**Jonathan Hurst (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP  
Statutory Auditor  
Chartered Accountants  
St James' Square  
Manchester  
M2 6DS

29 September 2014

**Profit and Loss Account**  
*for the period ended 31 March 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>
<b>Turnover</b>		-
Operating Costs		-
		<hr/>
<b>Operating profit</b>	2	-
Interest receivable	5	3,216
Interest payable and similar charges	6	(3,215)
		<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>1</b>
Tax on profit on ordinary activities	7	-
		<hr/>
<b>Profit for the financial period</b>		<b>1</b>
		<hr/> <hr/>

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

**Balance Sheet**  
*at 31 March 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Current assets</b>			
Debtors	8	446,535	
		<hr/>	
		446,535	
<b>Creditors: amounts falling due within one year</b>	9	(1,205)	
		<hr/>	
<b>Net current assets</b>			445,330
			<hr/>
<b>Total assets less current liabilities</b>			445,330
<b>Creditors: amounts falling due after more than one year</b>	10		(445,279)
			<hr/>
<b>Net liabilities</b>			51
			<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	11		50
Profit and loss account	12		1
			<hr/>
<b>Shareholders' funds</b>			51
			<hr/> <hr/>

The notes on pages 8 to 12 form an integral part of these financial statements.

These financial statements of Manchester Airport Group Funding Plc, registered number 8826541, were approved by the board of directors on 25 September 2014 and were signed on its behalf by:



**N Thompson**  
 Director



**Statement of Total Recognised Gains and Losses**  
*for the period ended 31 March 2014*

	2014 £000
Profit for the financial period	1
	<hr/>
Total recognised gains and losses relating to the financial period	1
	<hr/> <hr/>

**Reconciliation of Movements in Shareholders' Funds**  
*for the period ended 31 March 2014*

	2014 £000
Profit for the financial period	1
	<hr/>
Retained profit	1
Issue of shares	50
	<hr/>
Net reduction to shareholders' funds	51
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	51
	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently 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 applicable accounting standards, and under the historical cost accounting rules.

Under FRS 1 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.

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 15.

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.

#### *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)*

**2 Notes to the profit and loss account**

2014  
 £000

*Profit on ordinary activities before taxation is stated after charging/(crediting):*

Auditor's remuneration-audit of these financial statements

-

Auditor's remuneration for the audit of these financial statements have been borne by the Company's parent company, The Manchester Airport Group PLC. Amounts receivable by the Company's auditors 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.

**3 Remuneration of directors**

N Thompson and C Cornish were directors of Manchester Airports 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 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 receivable**

2014  
 £000

Interest receivable other group undertakings

3,216

**6 Interest payable and similar charges**

2014  
 £000

Interest payable on bonds  
 Amortisation of issue costs  
 Arrangement fees

2,636  
 29  
 550

3,215

**Notes (continued)**

**7 Taxation**

*Analysis of charge in period*

	2014 £000	2014 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	-	
Adjustments in respect of prior periods	-	
	<hr/>	
Total current tax		-
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	
Adjustment in respect of previous years	-	
Effect of change in rate of Corporation tax	-	
	<hr/>	
Total deferred tax		-
		<hr/>
Tax on profit on ordinary activities		-
		<hr/> <hr/>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 23%. The differences are explained below.

	2014 £000
<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	1
	<hr/>
Profit on ordinary activities multiplied by the standard rate of Corporation tax 23%	-
<i>Effects of:</i>	
Utilisation of group losses	-
	<hr/>
Total current tax charge (see above)	-
	<hr/> <hr/>

*Factors that may affect future current and total tax charges*

The Finance Bill 2013 was substantively enacted on 2 July 2013 and included a reduction in the rate of Corporation tax from 1 April 2014 of 2% to 21% with a further 1% reduction on 1 April 2015 to 20%.

**Notes (continued)**

**8 Debtors**

	2014 £000
<b>Due within one year:</b>	
Prepayments	1,286
	<hr/>
<b>Due after more than one year:</b>	
Amounts owed by group undertakings- interest bearing <sup>1</sup>	445,249
	<hr/>
Total debtors	446,535
	<hr/> <hr/>

<sup>1</sup> Amounts owed by group undertakings – interest bearing at 31 March 2014 represented a loan to Manchester Airport Group Finance Limited. At 31 March 2014, the effective rate on the loan was 4.85%

**9 Creditors: amounts falling due within one year**

	2014 £000
Amounts owed to group undertakings-non interest bearing	1,205
	<hr/>
	1,205
	<hr/> <hr/>

**10 Creditors: amounts falling due after more than one year**

	2014 £000
Bonds	445,279
	<hr/>
	445,279
	<hr/> <hr/>

Maturity analysis of the bonds is as follows:

Amounts due over five years:	2014 £000
Bond 4.75% £450 million due 2034	450,000
Less: discount on issue	(1,243)
Less: unamortised debt issue costs	(3,478)
	<hr/>
	445,279
	<hr/> <hr/>

The Company issued a £450.0 million publicly listed fixed rate secured bond on 14 February 2014 with a scheduled and legal maturity of 2034.

**Notes (continued)**

**11 Called up share capital**

	Ordinary shares of £1 each Number of shares	£000s
<i>Allotted, called up and fully paid</i>		
At beginning of period	-	-
Issue of share capital	50,000	50
At 31 March 2014	<u>50,000</u>	<u>50</u>

On 27 December 2013, the Company issued 50,000 £1 ordinary shares to Manchester Airport Group PLC for consideration of £50,000.

**12 Reserves**

	Profit and loss account £000	Total £000
At beginning of period	-	-
Profit for the period	1	1
At end of period	<u>1</u>	<u>1</u>

**13 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.

**14 Post balance sheet event**

The Company issued a £360.0 million publicly listed fixed rate secured bond on 16 April 2014 with a scheduled and legal maturity of 2024.

**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.