Manchester Airport PLC

Directors' report and financial statements

Registered number 1960988

Year ended 31 March 2014

Contents

Strategic report

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.

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.

Business review

The results for the year are set out on page 7. The directors recommended the payment in the year of a dividend of £nil *(2013: £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 have not used any additional KPIs for this Company.

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.

Strategic report *(continued)*

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.

By order of the board

N Thompson
Director

25 September 2014

Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 March 2014.

Directors

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

C Cornish
K O'Toole
N Thompson

Political contributions

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

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 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
St James' Square
Manchester
M2 6DS
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 2014 set out on pages 7 to 29. 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 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 2014 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.

Jonathan Hurst

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 year ended 31 March 2014

	Note	2014 £000	2013 £000 (restated)
Turnover	2	**353,826**	322,326
Operating Costs		**(277,934)**	(228,877)
Operating profit before significant items	3	**75,892**	93,449
Restructuring costs	3	**(252)**	(360)
Operating profit		**75,640**	93,089
Interest receivable and similar income	6	**15,644**	15,360
Interest payable and similar charges	7	**(15,925)**	(34,454)
Profit on ordinary activities before taxation		**75,359**	73,995
Tax on profit on ordinary activities	8	**(4,494)**	(2,612)
Profit for the financial year		**70,865**	71,383

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

Balance Sheet
at 31 March 2014

	Note	2014 £000	2014 £000	2013 £000 (restated)	2013 £000 (restated)
Fixed assets					
Intangible assets	9		**40,000**		30,000
Tangible assets	10		**1,052,949**		1,067,976
Investments	11		**9,315**		9,315
			1,102,264		1,107,291
Current assets					
Stocks	12	**343**		364	
Debtors	13	**185,558**		241,554	
Cash at bank and in hand		**258**		115	
		186,159		242,033	
Creditors: amounts falling due within one year	14	**(197,916)**		(324,876)	
Net current liabilities			**(11,757)**		(82,843)
Total assets less current liabilities			**1,090,507**		1,024,448
Creditors: amounts falling due after more than one year	15		**(14,229)**		(15,134)
Provisions for liabilities	16		**(24,878)**		(27,658)
Net assets excluding pension liabilities			**1,051,400**		981,656
Pension liabilities	21		**(23,855)**		(38,462)
Net assets including pensions liabilities			**1,027,545**		943,194
Capital and reserves					
Called up share capital	17		**204,380**		204,380
Share premium	17		**162,419**		162,419
Revaluation reserve	18		**230,910**		251,775
Profit and loss account	18		**429,836**		324,620
Shareholders' funds			**1,027,545**		943,194

The notes on pages 10 to 29 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 25 September 2014 and were signed on its behalf by:

N Thompson
Director

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

	2014 £000	2013 £000 (restated)
Profit for the financial year	**70,865**	71,383
Unrealised surplus/(deficit) on revaluation of properties	**78**	(7,701)
Effect of change in rate of corporation tax	**(1,499)**	(551)
Actuarial gain recognised in the pension scheme	**18,634**	4,869
Deferred tax arising on losses in the pension scheme	**(3,727)**	(1,120)
Total recognised gains and losses relating to the financial year	**84,351**	66,880

Note of Historical Cost Profits and Losses
for the year ended 31 March 2014

	2014 £000	2013 £000 (restated)
Reported profit on ordinary activities before taxation	**75,359**	73,995
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**20,943**	20,943
Historical cost profit on ordinary activities before taxation	**96,302**	94,938
Historical cost profit for the year retained after taxation and dividends	**91,808**	92,326

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

	2014 £000	2013 £000 (restated)
Profit for the financial year	**70,865**	71,383
Retained profit	**70,865**	71,383
Issue of ordinary shares	**-**	162,519
Other recognised gains/(losses) relating to the year	**13,486**	(4,503)
Net addition to shareholders' funds	**84,351**	229,399
Opening shareholders' funds	**943,194**	713,795
Closing shareholders' funds	**1,027,545**	943,194

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.

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 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 22.

The Company has net current liabilities and relies upon the support of the Group to meet its day-to-day working capital requirements. 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 and associates are stated at cost less provision for impairment.

Tangible fixed assets and depreciation

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

No depreciation is provided on freehold and leasehold land and assets in the course of construction.

Notes *(continued)*

Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

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, Driver Jonas, Chartered Surveyors on 31 March 2013. 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.

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.

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.

Notes *(continued)*

Accounting policies *(continued)*

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.

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.

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

	2014	2013
	£000	£000
		(restated)
By activity:		
Aviation	**179,493**	159,094
Retail concessions	**64,208**	62,546
Car parking	**51,998**	46,712
Property and property related	**24,637**	25,289
Other	**33,490**	28,685
	353,826	322,326

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.

The comparative figure for property and property related income has been restated to correct an error in recording certain property income from Group companies in the prior year.

3 Notes to the profit and loss account

	2014	2013
	£000	£000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Restructuring costs *(Note 1)*	**252**	360
Depreciation and other amounts written off tangible fixed assets:		
Owned	**56,777**	56,329
Leased	**-**	-
Release of capital based grants	**(688)**	(688)
Hire of other assets – operating leases	**10,495**	10,471
Loss on disposal	**-**	-

(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:

	2014	2013
	£000	£000
Audit of these financial statements	**63**	63

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.

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	
	2014	2013
Staff:		
Operational	**1,840**	1,726
Management & Administrative	**76**	93
	1,916	1,819

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£000	£000
Wages and salaries	**45,523**	42,494
Social security costs	**3,824**	3,738
Other pension costs	**3,282**	4,344
	52,629	50,576

Notes *(continued)*

6 Other interest receivable and similar income

	2014	2013
	£000	£000
Expected return on pension scheme assets	**15,644**	15,282
Other interest receivable	-	78
	15,644	15,360

7 Interest payable and similar charges

	2014	2013
	£000	£000
Interest payable on other borrowings	-	17,974
Interest on pension scheme liabilities	**15,925**	16,480
	15,925	34,454

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2014 £000	£000	2013 £000	£000
UK Corporation tax				
Current tax on income for the period	7,435		-	
Adjustments in respect of prior periods	(460)		802	
Total current tax		6,975		802
Deferred tax				
Origination/reversal of timing differences	3,005		2,804	
Pension costs	299		65	
Adjustment in respect of previous years	(2,504)		22	
Effect of change in rate of Corporation tax	(3,281)		(1,081)	
Total deferred tax		(2,481)		1,810
Tax on profit on ordinary activities		4,494		2,612

Factors affecting the tax charge for the current period

The current tax charge for the year ended 31 March 2014 is lower *(2013: lower)* than the standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below.

	2014 £000	2013 £000 (restated)
Current tax reconciliation		
Profit on ordinary activities before tax	75,359	73,995
Profit on ordinary activities multiplied by the standard rate of Corporation tax 23% (2013: 24%)	17,333	17,759
Effects of:		
Expenses not deductible for tax purposes	5	220
Uplift in depreciation on revalued element of assets and other non qualifying fixed assets	4,817	5,026
Depreciation for period in excess of Capital allowances	1,378	1,997
Non taxable income	(208)	(262)
Utilisation of group losses	(15,511)	(24,673)
Short term timing differences	(34)	-
FRS 17 pension adjustment	(345)	(67)
Adjustments to tax charge in respect of previous periods	(460)	802
Total current tax charge (see above)	6,975	802

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.

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%. Deferred tax balances at 31 March 2014 have been calculated at 20% on the basis that they are expected to unwind at this rate.

Notes *(continued)*

9 Intangible assets

	£000
Cost	
At beginning of year	30,000
Additions	10,000
At end of year	40,000
Net book value	
At 31 March 2014	**40,000**
At 31 March 2013	30,000

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, expected to commence in 2016, will be operated for a period of 30 years. The cost of securing the rights is being capitalised pending the commencement of the operation. It is proposed that the contract-based intangible will be 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	198,044	28,006	369,437	562,552	456,833	37,168	1,652,040
Additions	-	-	-	-	-	46,597	46,597
Disposals	-	-	(7,161)	(16,967)	(27,974)	-	(52,102)
Reclassification	4,729	-	13,857	4,966	29,864	(53,416)	-
Transfer to Group companies	-	(3,759)	-	-	-	(1,166)	(4,925)
Revaluations	78	-	-	-	-	-	78
At end of year	202,851	24,247	376,133	550,551	458,723	29,183	1,641,688
Depreciation							
At beginning of year	-	-	119,948	182,307	281,809	-	584,064
Charge for year	-	-	10,480	16,127	30,170	-	56,777
On disposals	-	-	(7,161)	(16,967)	(27,974)	-	(52,102)
At end of year	-	-	123,267	181,467	284,005	-	588,739
Net book value							
At 31 March 2014	**202,851**	**24,247**	**252,866**	**369,084**	**174,718**	**29,183**	**1,052,949**
At 31 March 2013	198,044	28,006	249,489	380,245	175,024	37,168	1,067,976

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 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
At 31 March 2013							
Cost	60,891	13,414	293,883	310,747	374,583	37,168	1,090,686
Aggregate depreciation based on cost	-	-	68,258	168,783	266,369	-	503,410

The last full valuation was performed at 31 March 2014. The full valuation was performed by Driver Jonas 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
Cost	
At beginning and end of year	11,315
Provisions	
At beginning and end of year	2,000
Net book value	
At 31 March 2014 and 31 March 2013	**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
Subsidiary undertakings				
Ringway Developments PLC	England and Wales	Property development company	Ordinary £1 shares	100%
Worknorth II Limited	England and Wales	Financial resources for businesses located primarily in the Greater Manchester area	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%
Bainsdown Limited	England and Wales	Property investment company	Ordinary £1 shares	100%

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings as at 31 March 2014 will be appended to the Company's next annual return. The directors consider the value of the fixed asset investment to be equal to their carrying value.

Notes *(continued)*

12 Stocks

	2014 £000	2013 £000
Raw materials and consumables	**343**	364
	343	364

13 Debtors

	2014 £000	2013 £000 (restated)
Trade debtors	**12,642**	12,676
Amounts owed by group undertakings	**159,795**	220,308
Other debtors	**33**	212
Prepayments and accrued income	**13,088**	8,358
	185,558	241,554

The comparative figure for amounts owed by group undertakings has been restated.

14 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank overdraft	**25**	90
Capital based grants	**688**	688
Trade creditors	**13,110**	15,668
Amounts owed to group undertakings	**128,263**	257,390
Taxation and social security (includes Corporation tax)	**9,264**	3,981
Other creditors	**5,168**	3,259
Accruals and deferred income	**41,398**	43,800
	197,916	324,876

15 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Capital based grants	**8,891**	9,578
Accruals and deferred income	**5,338**	5,556
	14,229	15,134

Notes *(continued)*

16 Provisions for liabilities

	Deferred Taxation £000
At beginning of year	27,658
Charge to the profit and loss for the year	(2,780)
At end of year	**24,878**

The elements of deferred taxation are as follows:

	2014 £000	2013 £000
Difference between accumulated depreciation and capital allowances	**23,034**	26,453
Short term timing differences	**1,844**	1,205
Deferred taxation	**24,878**	27,658
Deferred tax asset on pension liability	**(5,964)**	(11,489)
	18,914	16,169

If investment properties were sold at their current market value, this would result in a potential deferred taxation liability of £27.0m (2013: £31.0m), 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 £15.4m (2013: £17.7m), 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

	Ordinary shares of £1 each Number	£000	Share premium £000	Total £000
Allotted, called up and fully paid				
At 31 March 2014 and 31 March 2013	**204,380**	**204,380**	**162,419**	**366,799**

Notes *(continued)*

18 Reserves

	Revaluation reserve £000	Profit and loss account £000 (restated)
At beginning of year	251,775	324,620
Profit for the year	-	70,865
Actuarial gain recognised in the pension scheme	-	18,634
Deferred tax arising on losses in the pension scheme	-	(5,226)
Revaluation surplus	78	-
Depreciation transfer to profit and loss	(20,943)	20,943
At end of year	**230,910**	**429,836**

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.

A contingent liability exists in respect of claims that have been made from individual property owners in respect of alleged loss of property value arising from the development and use of new or extended airport runways.

20 Commitments

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

	2014 £000	2013 £000
Contracted	**14,216**	22,386

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

	2014 Land and buildings £000	**2014 Other £000**	2013 Land and buildings £000	2013 Other £000
Operating leases which expire:				
Within one year	-	**160**	-	146
In the second to fifth years inclusive	-	**30**	-	20
Over five years	**10,305**	-	10,305	-
	10,305	**190**	10,305	166

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 £833,000 *(2013: £557,000).*

Contributions amounting to £251,000 *(2013:405,000)* 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.

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.

	2014 **£000**	2013 £000
Present value of funded defined benefit obligations	**(353,952)**	(359,195)
Fair value of plan assets	**330,220**	315,519
	(23,732)	(43,676)
Present value of unfunded defined benefit obligations	**(6,087)**	(6,274)
Deficit	**(29,819)**	(49,950)
Related deferred tax asset	**5,964**	11,488
Net liability	**(23,855)**	(38,462)

Movements in present value of defined benefit obligation

	2014 **£000**	2013 £000
At 1 April	**365,469**	337,489
Current service cost	**2,996**	3,089
Past service cost	**-**	94
Interest cost	**15,825**	16,480
Curtailment and settlements	**-**	94
Actuarial losses	**(11,330)**	19,383
Contributions by members	**1,124**	1,217
Benefits paid	**(14,045)**	(12,377)
At 31 March	**360,039**	365,469

Notes *(continued)*

21 Pension schemes *(continued)*

Movements in fair value of plan assets

	2014 £000	2013 £000
At 1 April	**315,518**	282,389
Expected return on plan assets	**15,544**	15,263
Actuarial gains/(losses)	**7,304**	24,252
Contributions by employer	**4,775**	4,775
Contributions by members	**1,124**	1,217
Benefits paid	**(14,045)**	(12,377)
At 31 March	**330,220**	315,519

Expense recognised in the profit and loss account

	2014 £000	2013 £000
Current service cost	**2,996**	3,089
Losses on settlements and curtailments	**-**	94
Past service cost	**-**	94
Interest on defined benefit pension plan obligation	**15,825**	16,480
Expected return on defined benefit pension plan assets	**(15,544)**	(15,281)
Total	**3,277**	4,476

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

	2014 £000	2013 £000
Operating costs	**2,996**	3,277
Interest receivable and similar income	**(15,544)**	(15,281)
Interest payable and similar charges	**15,825**	16,480
	3,277	4,476

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £18,634,000 *(2013: £4,869,000).*

Notes *(continued)*

21 Pension schemes *(continued)*

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

	2014 Fair value £000	2013 Fair value £000
Equities	**256,159**	227,158
Bonds	**45,906**	53,685
Property	**16,416**	15,762
Other	**11,739**	18,914
	330,220	315,519

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

	2014 %	**2013 %**
Discount rate	**4.40**	**4.40**
Expected rate of return on plan assets	**6.20**	**5.1**
Expected return on plan assets at beginning of the period	**5.10**	**5.6**
Future salary increases	**3.45**	**2.2**
Inflation assumption	**2.45**	**2.5**

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

	2014	**2013**	2012	2011	2010
	£000	**£000**	£000	£000	£000
Present value of scheme liabilities	**(360,039)**	**(365,469)**	(337,489)	(314,344)	(332,330)
Fair value of scheme assets	**330,220**	**315,519**	282,389	284,844	275,830
(Deficit)	**(29,819)**	**(49,950)**	(55,100)	(29,500)	(56,500)

Experience adjustments

	2014	2013
	£000	£000
Experience adjustments on scheme liabilities	**26,900**	600
Experience adjustments on scheme assets	**7,800**	25,900

The Company expects to contribute approximately £5.3m 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 2014 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 2007 has been performed but, for the purpose of this disclosure, the liabilities have been projected from 1 August 2007, 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.

	2014 **£000**	2013 £000
Present value of funded defined benefit obligations	**(2,400)**	(2,379)
Fair value of plan assets	**3,100**	3,462
Asset	**700**	1,083
Asset not recoverable through reduced future contributions	**(700)**	(1,083)
Net asset	**-**	-

Notes *(continued)*

21 Pension schemes *(continued)*

Movements in present value of defined benefit obligation

	2014	2013
	£000	£000
At 1 April	**2,379**	2,001
Interest cost	**100**	97
Actuarial (gains)/losses	**-**	377
Benefits paid	**(79)**	(96)
At 31 March	**2,400**	2,379

Movements in fair value of plan assets

	2014	2013
	£000	£000
At 1 April		
Expected return on plan assets	**3,462**	3,050
Past service credit	**100**	97
Actuarial gains	**(383)**	411
Benefits paid	**(79)**	(96)
At 31 March	**3,100**	3,462

Expense recognised in the profit and loss account

	2014	2013
	£000	£000
Operating expenses	**(100)**	(97)
Interest on defined benefit pension plan obligation	**100**	97
Total	**-**	-

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

	2014	2013
	£000	£000
Operating expenses	**(100)**	(97)
Interest payable and similar charges	**100**	97
	-	-

The total amount of actuarial losses is £383,000 *(2013:gain of £411,000)*, 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:

	2014 Fair value £000	2013 Fair value £000
Equities	-	2,923
Bonds	**3,000**	349
Other	**100**	190
	3,100	3,462

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

	2014 %	2013 %
Discount rate	**4.3**	4.4
Expected rate of return on plan assets	**3.4**	5.1
Expected return on plan assets at beginning of the period	**5.1**	5.6
Future salary increases	**N/A**	2.2
Inflation assumption	**2.45**	2.5

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

	2014 £000	**2013 £000**	2012 £000	2011 £000	2010 £000
Present value of scheme liabilities	**(2,400)**	**(2,379)**	(2,001)	(1,869)	(2,013)
Fair value of scheme assets	**3,100**	**3,462**	3,050	3,032	2,767
Surplus	**700***	**1,083***	1,049*	1,163*	754

* 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.