

Stansted Airport Limited

Annual report and financial statements for the 15 months ended 31 March 2014

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Stansted Airport Limited

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Stansted Airport Limited

Officers and professional advisers

Directors

C Cornish
A Harrison
K O'Toole
N Thompson

Registered office

Enterprise House
Bassingbourne Road
Stansted Airport
Essex
CM24 1QW

Independent auditor

KPMG LLP
St James's Square
Manchester
M2 6DS

Banker

HSBC Plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Stansted Airport Limited

Strategic Report

Principal activities

The principal activities of the Company during the period were the operation and development of an international airport for the South East 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 Stansted 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 South East of England.

Change in ownership of Stansted Airport Limited

On 28 February 2013, Heathrow Airport Holdings Limited completed the sale of Stansted Airport Limited ("the Company") to Manchester Airport Group Finance Limited, a UK incorporated company. Manchester Airport Group Finance Limited is a subsidiary of Manchester Airports Holdings Limited.

During the period, the Company changed its year end from 31 December to 31 March. The move aligns the Company's financial year end to Manchester Airports Holdings Limited Group. As a result, the financial statements of the Company are prepared for the 15 month period ended 31 March 2014. The comparatives for the financial statements are for the year ended 31 December 2012.

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. The directors have not used any additional KPIs for the 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.

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

For and on behalf of the Board of Directors

17 November 2014

Stansted Airport Limited

Directors report

The directors present their directors' report and audited financial statements for the 15 month period ended 31 March 2014.

Directors

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

N Barton	(resigned 28 February 2013)
J Leo	(resigned 28 February 2013)
J O'Sullivan	(resigned 28 February 2013)
C Cornish	(appointed 28 February 2013)
A Harrison	(appointed 28 February 2013)
K O'Toole	(appointed 28 February 2013)
N Thompson	(appointed 28 February 2013)

Political contributions

The Company made no political donations during the period (2012:£nil).

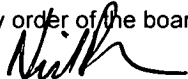
Disclosure of information to auditors

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

17 November 2014

Stansted Airport Limited

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 Stansted Airport Limited

We have audited the financial statements of Stansted Airport Limited for the period ended 31 March 2014 set out on pages 6 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, 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 2014 and of its loss 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS
25 November 2014

Stansted Airport Limited

Profit and loss account for the 15 months ended 31 March 2014

		15 months ended 31 March 2014	Year ended 31 December 2012 (restated)
	Note	£m	£m
Turnover	2	294.9	241.5
Operating costs - ordinary	3	(250.6)	(190.6)
Operating costs – exceptional: pensions	4	(20.2)	(30.7)
Operating costs – exceptional: (other)	4	(21.7)	-
Total operating costs		(292.5)	(221.3)
Operating profit		2.4	20.2
Non operating - exceptional	5	(0.8)	(0.1)
Net interest payable and similar charges	6	(3.3)	(125.2)
Loss on ordinary activities before taxation		(1.7)	(105.1)
Tax (charge)/credit on loss on ordinary activities	7	(7.4)	25.8
Loss on ordinary activities after taxation		(9.1)	(79.3)

All profits and losses recognised during the current and prior period are from continuing operations.

Stansted Airport Limited

Statement of total recognised gains and losses for the 15 months ended 31 March 2014

		15 months ended 31 March 2014	Year ended 31 December 2012 (restated)
	Note	£m	£m
Loss for the financial period	16	(9.1)	(79.3)
Unrealised gain/(loss) on revaluation of investment properties	8, 16	16.2	(8.9)
Initial recognition of defined benefit pension scheme	16	(8.7)	-
Deferred tax on initial recognition of defined benefit pension scheme	14	2.0	-
Actuarial gain/(loss) recognised in the pension scheme	14	11.0	-
Deferred tax arising on losses in the pension scheme		(2.4)	-
Total recognised gains/(losses) relating to the period		9.0	(88.2)

Reconciliation of movements in shareholder's funds for the 15 months ended 31 March 2014

		15 months ended 31 March 2014	Year ended 31 December 2012 (restated)
	Note	£m	£m
Loss for the financial period	16	(9.1)	(79.3)
Other recognised gains/(losses) in the period		18.1	(8.9)
Capital contribution	16	-	2.0
Net movement in shareholder's funds		9.0	(86.2)
Opening shareholder's funds		626.8	713.0
Closing shareholder's funds		635.8	626.8

There was no material difference between the historical cost profits and losses and the Profit and loss account.

Stansted Airport Limited

Balance sheet as at 31 March 2014

		31 March 2014	31 December 2012 (restated)
	Note	£m	£m
Fixed assets			
Tangible fixed assets	8	962.6	966.2
Total fixed assets		962.6	966.2
Stocks	9	0.6	1.8
Debtors: due within one year	10	113.3	40.1
Cash at bank and in hand		4.1	26.3
Total current assets		118.0	68.2
Current liabilities			
Creditors: amounts falling due within one year	11	(64.1)	(29.7)
Net current assets		53.9	38.5
Total assets less current liabilities		1,016.5	1,004.7
Creditors: amounts falling due after more than one year	12	(363.7)	(333.3)
Provisions for liabilities and charges	13	(22.4)	(44.6)
Net Assets excluding pension liabilities		630.4	626.8
Pension asset	14	5.4	-
Net assets		635.8	626.8
Capital and reserves			
Called up share capital	15	503.9	503.9
Revaluation reserve	16	236.0	219.8
Profit and loss reserve	16	(104.1)	(96.9)
Total shareholder's funds		635.8	626.8

The financial statements of Stansted Airport Limited (Company registration number: 01990920) were approved by the Board of Directors and authorised for issue on 17 November 2014. They were signed on its behalf by:



N Thompson
Director

Stansted Airport Limited

Accounting policies for the 15 months ended 31 March 2014

The principal accounting policies applied in the preparation of the financial statements of Stansted Airport Limited (the 'Company') are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

Basis of accounting

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets in accordance with applicable Companies Act 2006 and applicable United Kingdom Generally Accepted Accounting Practice ('UK GAAP').

On 28 February 2013, the 100% of the issued share capital of the Company was acquired by Manchester Airport Group Finance Limited, a subsidiary of the Manchester Airports Holdings Limited Group. The accounting reference date for the company was aligned to that of the Manchester Airport Holdings Limited Group, being 31 March. The Company has prepared a long period of account for the 15 months ended 31 March 2014, the comparative information is for the year ended 31 December 2012.

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 19.

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 to pay its liabilities as and when they become due.

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

Change in accounting reference date

During the period, the Company changed its year end from 31 December to 31 March. The move aligns the Company's financial year end to Manchester Airports Holdings Limited Group. As a result, the financial statements of the Company are prepared for the 15 month period ended 31 March 2014. The comparatives for the financial statements are for the year ended 31 December 2012.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Aeronautical income

- Passenger charges based on the number of departing passengers on departure.
- Aircraft landing charges levied according to noise and weight recognised on landing.
- Aircraft parking charges based on a combination of weight and time parked as provided.

Retail income

- Concession fees from retail and commercial concessionaires at or around the airport based upon turnover certificates supplied by concessionaires.
- Car parking income is recognised at the time of exiting the car park in accordance with operator management fee arrangements.

Stansted Airport Limited

Accounting policies for the 15 months ended 31 March 2014 *continued*

Turnover *continued*

Property and operational facilities

- Property letting rentals, recognised on a straight-line basis over the term of the rental period.
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale.
- Usage charges made for operational systems (e.g. check-in desks), recognised as each service period is provided.
- Other invoiced sales, recognised on the performance of the service.

Other

- Charges related to passengers with restricted mobility and various other services are recognised at time of delivery.

Exceptional items

The Company presents certain items as exceptional, on the face of the Profit and loss account. Exceptional items are material items of income and expense that, because of their size or incidence, merit separate presentation to allow an understanding of the Company's financial performance.

Such events may include gains or losses on the disposal of businesses or assets, major reorganisation of businesses, closure or mothballing of terminals and costs incurred in bringing new airport terminal complexes and airfields to operational readiness that are not able to be capitalised as part of the project.

Additional details of exceptional items are provided as and when required as set out in Notes 4 and 5.

Interest

Interest payable and interest receivable are recognised in the Profit and loss account in the period in which they are incurred.

Tangible fixed assets

Operational assets

Terminal complexes, airfield assets, plant and equipment, car parks and other land and buildings are stated at cost less accumulated depreciation and impairment losses.

Assets in the course of construction are stated at cost less provision for impairment. Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete and the asset is available for use. Where appropriate, cost includes own labour costs of construction-related project management and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the projects will be developed to achieve a successful delivery of an asset such that future commercial returns will flow to the Company. The Company reviews these projects on a regular basis, and at least every six months, to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued at the reporting date, as determined at the interim and full-year reporting dates by external valuers at least once every five years. Any surplus or deficit on revaluation is transferred to the revaluation reserve with the exception of deficits below original cost which are expected to be permanent, which are charged to the Profit and loss account in the period in which they arise.

Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as exceptional items. Profits or losses are recognised on completion.

In accordance with Statement of Standard Accounting Practice 19 *Accounting for Investment Properties*, no depreciation is provided in respect of freehold or long leasehold investment properties.

Stansted Airport Limited

Accounting policies for the 15 months ended 31 March 2014 *continued*

Tangible fixed assets *continued*

Depreciation

Depreciation is provided on operational assets, other than land and assets in the course of construction, to write off the cost of the assets less estimated residual value by equal instalments over their expected useful lives as set out below:

<i>Terminal complexes</i>	<i>Fixed asset lives</i>
Terminal building, pier and satellite structures	20 - 60 years
Terminal fixtures and fittings	5 - 20 years
<i>Airport plant and equipment:</i>	
Baggage systems	15 years
Screening equipment	7 years
Lifts, escalators, travelators	20 years
Other plant and equipment including runway, lighting and building plant	5 - 20 years
Tunnels, bridges and subways	50 - 100 years
<i>Airport transit systems</i>	
Rolling stock	20 years
Track	50 years
<i>Airfields</i>	
Car parks	15-40 years
Runway surfaces	10 - 15 years
Runway bases	100 years
Taxiways and aprons	50 years
<i>Plant and equipment</i>	
Motor vehicles	4 - 8 years
Office equipment	5 - 10 years
Computer equipment	4 - 5 years
Computer software	3 - 7 years
<i>Other land and buildings</i>	
Short leasehold properties	Period of lease
Leasehold improvements	Lower of useful economic life or period of lease

Assets residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Impairment of assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Where the asset does not generate cash flows independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value, on a straight-line basis over its remaining useful life.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis,

Stansted Airport Limited

Accounting policies for the 15 months ended 31 March 2014 *continued*

Company as a lessee continued

except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Company as a lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as the rental income.

Stocks

Raw materials and consumables consist of engineering spares and other consumable stores and are valued at the lower of cost and net realisable value and includes all costs to bring inventories to their present location and condition.

Debtors

Debtors are recognised initially at cost less any provision for impairment.

Cash and current asset investments

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand when a right to offset exists.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds.

Trade creditors

Trade creditors are non-interest bearing and are stated at cost less any provision for diminution in value and subsequently measured at amortised cost, using the effective interest rate method.

Amounts owed to group undertakings

Amounts owed to group undertakings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the Profit and loss account over the period of the borrowings using the effective interest rate method.

Deferred income

Contractual income is treated as deferred income and released to the Profit and loss account as earned.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Operational staff

In the prior year, LHR Airports Limited charged the Company for the provision of services in relation to staff costs, including wages and salaries, pension costs, medical costs and redundancy payments, as well as any other of its associated expenses properly incurred by the employees of LHR Airports Limited in providing the services. These costs included the cost of purchase of any shares in relation to share options granted and any hedging costs related to employee share options. All of the amounts included in the above-mentioned costs were settled in cash except for superannuation costs or costs related to hedging of share options, which were only settled when the cash outflow is requested by LHR Airports Limited.

Corporate and centralised services

In the prior year, LHR Airports Limited also provided centralised airport support including IT applications, general business services, procurement and financial accounting. These services were charged in accordance with the SSA with a mark-up of 7.5% except for IT applications, or sub-contractor costs, where full costs were recharged to the Company.

Stansted Airport Limited

Accounting policies for the 15 months ended 31 March 2014 *continued*

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised directly in reserves. In this case, the tax is also recognised in reserves.

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

In accordance with FRS 19, 'Deferred Tax', deferred tax is provided in full on timing differences which result in an obligation at the Balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of investment properties where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date and are expected to apply in the periods in which the timing differences are expected to reverse.

Pension costs

The Company operates two defined contribution pension schemes. The assets of the schemes 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 schemes 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 defined pension scheme surplus is recognised in full where it is expected that the Company can benefit from reduced contributions in respect of future service.

Share capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where the shares are issued above par value, the proceeds in excess of par value are recorded in the share premium reserve.

Foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Sterling, which is the Company's functional currency

Transactions denominated in foreign currencies are translated into Sterling using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Sterling at the rates of exchange ruling at the reporting date. Differences arising on translation are charged or credited to the Profit and loss account.

Cash flow statement and related party transactions

The ultimate parent entity is Manchester Airports Holdings Limited, a company registered in England and Wales. The results of the Company are included in the audited consolidated financial statements Manchester Airports Holdings Limited for the year ended 31 March 2014. The results are also included in the audited consolidated financial statements of Manchester Airport Group Investments Limited for the year ended 31 March 2014 (intermediate parent entity and the smallest group to consolidate these financial statements). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 *Cash Flow Statements (revised 1996)*.

The Company is exempt under the terms of FRS 8 *Related Party Disclosures* from disclosing related party transactions with entities that are related to, or part of, the Manchester Airports Holdings Limited group.

Stansted Airport Limited

Significant accounting judgements and estimates for the 15 months ended 31 March 2014

In applying the Company's accounting policies, management have made estimates and judgements in a number of key areas. Actual results may, however, differ from the estimates calculated and management believe that the following areas present the greatest level of uncertainty.

Investment properties

Investment properties were valued at fair value at 31 March 2014 by Drivers Jones Deloitte, Chartered Surveyors and Strutt & Parker, Chartered Surveyors and at 31 December 2012 by CB Richard Ellis, Chartered Surveyors, and Strutt & Parker, Chartered Surveyors. Strutt & Parker were responsible solely for the valuation of residential property and agricultural land. The valuations were prepared in accordance with relevant accounting standards and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. Independent valuations have been obtained for 100% of the investment properties.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014

1 Change in accounting policy

Following the acquisition of the entity by Manchester Airport Group Finance Limited, Stansted Airport Limited has aligned its accounting policies to that of the wider Manchester Airport Group. In accordance with Financial Reporting Standard 18 "Accounting Policies", Stansted Airport Limited has changed its accounting policies for re-measuring car parking and certain airside assets on an annual basis as an investment property under FRS 15 "Tangible Fixed Assets". Car park and certain airside assets are now classified as operational assets, reflecting the recovery of the asset value through trade and not through rental yield, capital appreciation and ultimate disposal. The Directors believe that the classification of car parking and other airside assets as operational is more appropriate.

As a result of the change, the Company measures car park assets at their depreciated historic cost with an associated annual depreciation charge.

Previously, the Company measured its car park assets at fair value as an investment property under FRS 15 "Tangible Fixed Assets". The directors believe that this presentation more accurately reflects the underlying nature of the assets and is a more appropriate presentation.

The following table summarises the adjustments made to the statement of balance sheet and profit and loss account of the new accounting policy.

	Investment Property £m	Airfield infrastructure £m	Revaluation reserve £m
Balances at 1 January 2012, as previously reported	543.1	120.4	414.9
Impact of change in accounting policy	(365.4)	119.2	(186.2)
Restated balances at 1 January 2012	177.7	239.6	228.7
Balances at 31 December 2012, as previously reported	535.6	115.9	406.0
Impact of change in accounting policy	(365.4)	122.0	(186.2)
Restated balances at 31 December 2012	170.2	237.9	219.8

The effects on the profit and loss account were as follows:

	For the year ended 31 December 2012 £m
Depreciation charge	2.8
Decrease in profit	2.8

2 Segment information

The Directors consider the business has only one segment. All of the Company's turnover arises in the United Kingdom and relates to continuing operations. Additional details of the turnover generated by each of the Company's key activities are given below:

	15 months ended 31 March 2014 £m	Year ended 31 December 2012 £m
Turnover		
Aeronautical income	162.6	133.3
Retail income	57.9	47.9
Car park income	41.5	33.7
Operational facilities and utilities income	11.9	10.1
Property rental income	11.6	8.9
Other income	9.4	7.6
	294.9	241.5

Car park income is now shown separately from retail income.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014

3 Operating costs – ordinary

	15 months ended 31 March 2014	Year ended 31 December 2012 (restated)
	£m	£m
Wages and salaries	55.0	44.0
Social security	4.7	3.9
Pensions	9.3	6.2
Other staff related costs	1.8	1.5
Employment costs ¹	70.8	55.6
Maintenance expenditure	17.1	12.1
Utility costs	24.6	19.5
Rents and rates	20.5	15.6
General expenses	25.9	11.8
Retail expenditure	11.6	7.0
Intra-group charges/other	1.2	7.3
Police costs	8.0	6.6
Aerodrome navigation service charges	15.1	11.7
Depreciation	55.8	43.3
Loss/(gain) on disposal of tangible fixed assets	-	0.1
	250.6	190.6

¹ In the prior period Employment costs were recharged from LHR Airports Limited for employee services to the Company.

Rentals under operating leases

	15 months ended 31 March 2014	Year ended 31 December 2012
	£m	£m
<i>Operating costs include:</i>		
Plant and machinery	12.6	9.6
Other operating leases	0.2	0.2
	12.8	9.8

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

3 Operating costs – ordinary *continued*

Auditor's remuneration

	15 months ended 31 March 2014 £'000	Year ended 31 December 2012 £'000
Fees payable to the Company's auditor of the audit for the Company's annual accounts		
Audit of the Company pursuant to legislation	50.0	34.5
Total audit fees	50.0	34.5
Non audit fees payable to the Company's auditor and its associates for other services to the Company		
Audit related assurance services	-	12.7
Tax compliant services	-	0.3
Other tax services	-	-
Other assurance services	24.0	20.9
Total non-audit fees	24.0	33.9
Total fees	74.0	68.4

Employee information

In the prior year, the Company had no employees as staff engaged in the operation of the Stansted airport ('Stansted') were employed by LHR Airports Limited, which bore the related staff costs and recharges all such costs directly to the Company. The average number of employees of LHR Airports Limited engaged in Stansted during the prior year was 1,116. This number of employees does not include headcount related to central support functions for the Company which are rendered by LHR Airports Limited and charged as intra-group charges.

The average number of persons employed by the Company (including directors) during the period to 31 March 2014, analysed by category, was as follows:

	2014
Staff:	
Operational	1,201
Management & Administrative	97
	1,298

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

3 Operating costs – ordinary *continued*

Directors' remuneration

C Cornish, K O'Toole and N Thompson were directors of a number of subsidiary companies of the Manchester Airport Group Plc and the Manchester Airport Group Plc paid their remuneration. The directors do not believe it is possible to apportion their remuneration to individual companies within the Manchester Airport Group Plc based on services provided.

The amounts disclosed are from the date of appointment as director.

	15 months ended 31 March 2014 £'000	Year ended 31 December 2012 £'000
Total Directors' emoluments		
Aggregate emoluments ¹	922	266
Value of Company pension contributions to money purchase scheme	27	-
	949	266
Highest paid director's remuneration		
Aggregate remuneration ²	480	314
Value of Company pension contributions to defined benefit scheme	5	32
	485	346
Defined benefit accrued pension ³	-	34

¹ This includes an amount of £59,000 received under long term incentive schemes (2012: £23,000).

² Payments to the highest paid director include bonus of £237,700 (2012:£92,500), payment in lieu of office of £100,500 and compensation for loss of office of £78,000.

³ The highest paid director resigned as director on 28 February 2013.

The value of the compensation received by a former director for loss of office amounted to £77,000 (2012: £nil).

	15 months ended 31 March 2014 Number	Year ended 31 December 2012 Number
Number of directors who:		
are members of a defined benefit pension scheme	1	1
are members of a money purchase pension scheme	1	-

None of the Directors (2012: none) exercised any share options during the period in respect of their services to the Heathrow Airport Holdings Group and no shares (2012: none) were received or became receivable under long term incentive plans.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

4 Operating costs/(income) – exceptional

	15 months ended 31 March 2014 £m	Year ended 31 December 2012 £m
Pension charge	20.2	30.7
Deferred Income	(5.4)	-
Restructuring/integration costs	4.7	-
Impairment	22.4	-
	41.9	30.7

Pension costs includes the recognition of a £20.5m (2012: £nil) charge to extinguish the Company from all liabilities under the defined benefit scheme that the Company was part of while under BAA/Heathrow ownership. In extinguishing the Company from its liabilities, the Company made a cash commutation payment of £34.9m, the £20.5m charge to the profit and loss account is the difference between amounts provided in prior periods and the cash payment required. In addition, pension costs includes a £0.3m credit (2012:£nil) for the write off of the previous pension scheme liability balances for which the company is no longer liable.

During the period, the remaining unamortised profit element of an asset disposal from 1993 was fully amortised to the profit and loss account.

Restructuring/integration costs relate to the separation of systems from BAA following the disposal in February 2013.

Impairments costs relate mainly to the Terminal Transformation project and also the write off of certain costs incurred as a result of public planning inquiry in 2008 to grow the airport to 35 million passengers.

5 Non-operating costs - exceptional

	15 months ended 31 March 2014 £m	Year ended 31 December 2012 £m
Exceptional sale costs	0.8	0.1

Exceptional sale costs relate to one off costs incurred as a result of the disposal of the Company by its former parent.

6 Net interest payable and similar charges

	15 months ended 31 March 2014 £m	Year ended 31 December 2012 £m
Interest receivable		
Expected return on pension scheme assets	8.1	-
Interest receivable from other group undertakings	-	19.8
	8.1	19.8
Interest payable		
Interest on pension scheme liabilities	(5.7)	-
Interest payable to other group undertakings ¹	(2.9)	(31.1)
Facility fees and other charges	-	(1.4)
Interest on bank borrowings	(2.8)	(1.9)
Net interest payable on derivative financial instruments	-	(9.5)
	(11.4)	(43.9)
Fair value loss on financial instruments	-	(101.3)
Interest capitalised	-	0.2
Net interest payable and similar charges	(3.3)	(125.2)

¹ These amounts relate to interest due on the loan from Heathrow (SP) Limited, granted in December 2009 (Note 12).

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

7 Tax on loss on ordinary activities

		15 months ended 31 March 2014	Year ended 31 December 2012 (restated)
	Note	£m	£m
Current tax			
Current tax on income for the period		10.1	-
Group relief receivable		-	(15.1)
Adjustments in respect of prior periods		-	(2.4)
Total current tax charge/(credit)		10.1	(17.5)
Deferred tax			
Origination and reversal of timing differences		(0.4)	(5.5)
On pension costs		0.9	-
Adjustments in respect of prior periods		-	(0.1)
Change in tax rate		(3.2)	(2.7)
Total deferred tax credit	13	(2.7)	(8.3)
Tax charge/(credit) on loss on ordinary activities		7.4	(25.8)

Reconciliation of tax charge

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 23.2% (2012: 24.5%). The actual tax charge for the current and prior year differs from the standard rate for the reasons set out in the following reconciliation:

	15 months ended 31 March 2014	Year ended 31 December 2012 (restated)
	£m	£m
Loss on ordinary activities before tax	(1.7)	(105.1)
Tax credit on loss on ordinary activities at 23.2% (2012: 24.5%)	(0.4)	(25.7)
Effect of:		
Permanent differences	4.7	3.9
Capital allowances for the year less than/(in excess of) depreciation	6.9	1.6
Capitalised interest	-	(0.1)
Other short term timing differences	(1.1)	5.2
Adjustments to tax charge in respect of prior periods	-	(2.4)
Current tax charge/(credit) for the period	10.1	(17.5)

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.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

8 Tangible fixed assets

	Investment properties £m	Land held for development £m	Terminal complexes £m	Airfield infrastructure £m	Other land & buildings £m	Plant equipment & other assets £m	Assets in the course of construction £m	Total £m
Cost or valuation (restated)								
1 January 2013	170.2	41.4	801.6	372.9	17.2	66.5	43.4	1,513.2
Additions at cost	-	-	-	-	-	-	58.6	58.6
Transfers to completed assets / reclassifications	0.7	-	31.5	5.0	-	20.3	(57.5)	-
Disposals	-	-	(2.4)	(1.1)	-	(1.0)	-	(4.5)
Revaluation	16.3	(0.1)	-	-	-	-	-	16.2
Impairment	-	-	(19.7)	-	-	(1.1)	(15.4)	(36.2)
31 March 2014	187.2	41.3	811.0	376.8	17.2	84.7	29.1	1,547.3
Depreciation								
1 January 2013 (restated)	-	-	(369.5)	(135.0)	(3.5)	(39.0)	-	(547.0)
Charge for the period	-	-	(33.6)	(12.6)	(0.7)	(8.9)	-	(55.8)
Disposals	-	-	2.4	1.1	-	1.0	-	4.5
Impairment	-	-	12.5	-	-	1.1	-	13.6
31 March 2014	-	-	(388.2)	(146.5)	(4.2)	(45.8)	-	(584.7)
Net book value 31 March 2014	187.2	41.3	422.8	230.3	13.0	38.9	29.1	962.6
Net book value 31 December 2012 (restated)	170.2	41.4	432.1	237.9	13.7	27.5	43.4	966.2

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

8 Tangible fixed assets *continued*

Valuation

Investment properties and land held for development were valued at open market value at 31 March 2014 by Drivers Jones Deloitte, Chartered Surveyors at £138.6 million (2012: £129.0 million¹ as restated) and by Strutt & Parker, Chartered Surveyors at £89.9 million (2012: £84.2 million¹ as restated), resulting in a total valuation of £228.5 million (2012: £213.2 million as restated). Strutt & Parker were responsible solely for the valuation of residential properties and agricultural land. These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account, inter alia, of planning constraints and reflecting the demand for airport related uses. As a result of the valuation, a surplus of £16.2 million has been recognised in the revaluation reserve.

Remaining terminal complexes, airfield infrastructure, other land and buildings, plant and equipment, and other assets, have been shown at historical cost.

¹ The split between CB Richard Ellis and Strutt & Parker has been amended from the amount disclosed in the 31 December 2012 accounts.

Historical cost

The historical cost of investment properties and land held for development at 31 March 2014 was £171.8million (2012: £171.0 million).

Other land and buildings

Other land and buildings are all freehold.

Leased assets

The Company had assets rented to third parties under operating leases as follows:

	31 March 2014	31 December 2012
	£m	£m
Cost or valuation	239.0	587.1
Accumulated depreciation	(4.7)	(4.3)
	234.3	582.8

A significant proportion of freehold property is occupied by third parties under concession and management agreements.

9 Stocks

	31 March 2014	31 December 2012
	£m	£m
Raw materials and consumables	0.6	1.8

The replacement cost of raw materials and consumables at 31 March 2014 and 31 December 2012 was not materially different from the amount at which they are included in the accounts.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

10 Debtors

	31 March 2014 £m	31 December 2012 £m
Due within one year:		
Trade debtors	30.0	26.7
Amounts owed by group undertakings - interest free ¹	81.6	-
Other debtors	0.1	0.9
Prepayments	1.6	5.6
Group relief receivable	-	6.9
Total debtors due within one year	113.3	40.1

¹ Amounts owed by group undertakings – interest free largely related to cash sweeps made to the Manchester Airport Group Plc.

11 Creditors: amounts falling due within one year

	31 March 2014 £m	31 December 2012 £m
Trade creditors and accruals ¹	21.9	15.4
Capital creditors	14.3	7.4
Amounts owed to group undertakings - interest free ²	11.7	0.1
Corporation tax payable	10.1	-
Group relief payable	-	-
Other creditors	4.9	0.5
Other taxes and social security costs	1.2	1.2
Deferred income	-	4.4
Interest payable to group undertakings	-	0.7
	64.1	29.7

¹ Trade creditors are non-interest bearing and are generally on 30 day terms.

² Amounts owed to group undertakings – interest free largely relate to external payments made by Manchester Airport Group companies on behalf of the Company.

12 Creditors: amounts falling due after more than one year

	31 March 2014 £m	31 December 2012 £m
Amounts owed to group undertakings - interest free ¹	363.7	-
Amounts owed to group undertakings - interest bearing ²	-	328.3
Deferred income ³	-	5.0
	363.7	333.3

¹ Amounts owed to group undertakings – interest free at 31 March 2014 represented a loan from Manchester Airport Group Finance Limited.

² Amounts owed to group undertakings – interest bearing at 31 December 2012 represented a loan from Heathrow (SP) Limited. At 31 December 2012, the all-in pay rate on the loan was 5.62%.

³ Amounts relating to deferred income have been assessed by the directors as having no further fair value. As a consequence, the amounts have been released to the profit and loss account in the period.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

13 Provisions for liabilities and charges

	Deferred tax (a) £m	Pension costs (b) £m	Other (c) £m	Total £m
1 January 2013	24.9	19.5	0.2	44.6
Utilised	-	(18.2)	-	(18.2)
Reclassification	-	-	0.9	0.9
Released to profit and loss account	(3.6)	(1.3)	-	(4.9)
31 March 2014	21.3	-	1.1	22.4

(a) *Deferred tax*

Analysis of the deferred tax balance is as follows:

	31 March 2014 £m	31 December 2012 £m
Excess of capital allowances over depreciation	23.7	28.8
Other timing differences	(2.4)	(3.9)
	21.3	24.9

	Unprovided 31 March 2014 £m	Unprovided 31 December 2012 (restated) £m
Tax on chargeable gains if investment properties were sold at their current valuations	47.2	50.6

Provision has been made for deferred taxation in accordance with FRS 19 *Deferred Tax*.

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market value or on the sale of properties where taxable gains have been rolled over into replacement assets. The total amount of tax unprovided for is £47.2m (2012: £50.6m (as restated)). At present it is not envisaged that this tax will become payable in the foreseeable future.

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. This has resulted in a reduction in the net deferred tax liability of £3.2m, which has been credited to the Profit and loss account.

(b) *Pension costs*

The Company is no longer a member of the BAA defined benefit pension scheme. At 31 December 2012 the Company had provided £15.7 million in respect of its share of the LHR Airports Limited defined benefit pension scheme deficit. The Company had also recognised £3.8 million historical accumulated past service pension costs borne by LHR Airports Limited in relation to Unfunded Retirement Benefit Scheme and Post Retirement Medical Benefit pension related liabilities. The Company's obligation in respect of these items, for which these provisions were recognised, was settled as part of the sale of the Company on 28 February 2013.

(c) *Other*

This provision is largely due to reserves for insurance claims for incidents incurred but not reported (IBNR). All amounts are expected to be utilised within four years.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

14 Pension liabilities

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 £0.7million (2012: £0.5 million).

Contributions amounting to £0.1 million (2012:£0.1 million) were payable to the scheme and are included in creditors.

Defined benefit scheme – M.A.G (STAL) Pension Scheme

As part of the condition of the purchase, a new defined benefit pension scheme was set up in order to provide mirror benefits to those employees who had previously participated in the LHR Airport Defined Benefit Pension scheme prior to the disposal from the Heathrow Airport Holdings Limited Group. Under the terms of the agreement with Heathrow Airport Holdings Limited, the liability at 28 February 2013 is fully provided on an actuarial basis with a bulk transfer of assets from Heathrow Airport Holdings Limited to satisfy the calculated liability. Current employees transferred their accrued benefits to the M.A.G (STAL) Pension Scheme, so no liability for pensioners or deferred members was transferred.

	31 March 2014 £m	31 December 2012 £m
Present value of funded defined benefit obligations	(107.1)	-
Fair value of plan assets	113.9	-
Present value of unfunded defined benefit obligations	-	-
Surplus/(Deficit)	6.8	-
Related deferred tax (liability)/ asset	(1.4)	-
Net asset/(liability)	5.4	-

Movements in present value of defined benefit obligation

	31 March 2014 £m
At 31 December 2012	-
Initial recognition at 28 February 2013	111.1
Current service cost	8.3
Interest cost	5.7
Actuarial gains	(17.8)
Contributions by members	1.3
Benefits paid	(1.5)
At 31 March 2014	107.1

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

14 Pension liabilities *continued*

Movements in fair value of plan assets

	31 March 2014 £m
At 31 December 2012	-
Initial recognition at 28 February 2013	102.4
Expected return on plan assets	8.1
Actuarial losses	(6.8)
Contributions by employer	10.4
Contributions by members	1.3
Benefits paid	(1.5)
At 31 March 2014	113.9

Expense recognised in the profit and loss account

	31 March 2014 £m
Current service cost	8.3
Interest on defined benefit pension plan obligation	5.7
Expected return on defined benefit pension plan assets	(8.1)
Total	5.9

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

	31 March 2014 £m
Operating costs	8.3
Interest receivable and similar income	(8.1)
Interest payable and similar charges	5.7
Total	5.9

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains is £11.0 million.

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

	31 March 2014		31 December 2012	
	Fair value	Rate of return (%)	Fair value	Rate of return (%)
	£m		£m	
Equities	82.9	6.9	N/A	N/A
Bonds	11.3	4.4	N/A	N/A
Index-linked gilts	17.2	3.4	N/A	N/A
Other	2.5	0.5	N/A	N/A
Total	113.9	6.0	N/A	N/A

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

14 Pension liabilities *continued*

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

	31 March 2014 %	31 December 2012 %
Discount rate	4.5	N/A
Expected rate of return on plan assets	6.0	N/A
Expected return on plan assets at beginning of the period	6.8	N/A
Future salary increases	3.5	N/A
Inflation assumption	2.5	N/A

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 60-year old to live for a number of years as follows:

- Current pensioner aged 60: 29.4 years (male), 32.7 years (female).
- Future retiree upon reaching 60: 30.6 years (male), 33.9 years (female).
 - History of plans
 - The history of the plans for the current and prior periods is as follows:
 - Balance sheet

	31 March 2014 £m	31 December 2012 £m
Present value of scheme liabilities	(107.1)	-
Fair value of scheme assets	113.9	-
Surplus	6.8	-

Experience adjustments

	2014 £m	2012 £m
Experience adjustments on scheme liabilities	4.4	N/A
Experience adjustments on scheme assets	(8.6)	N/A

The Company expects to contribute approximately £6.0 million to its defined benefit plans in the next financial year.

A full valuation of the fund, carried out at 30 September 2013, is currently ongoing. The fund is being valued using the projected unit method. The purpose of the valuation is 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.

15 Share capital

	£m
Called up, allotted and fully paid 1 January 2013 and 31 March 2014 503,900,002 ordinary shares of £1 each	503.9

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

16 Reserves

	Revaluation reserve (restated) £m	Profit and loss reserve (restated) £m	Total £m
1 January 2012	228.7	(19.6)	209.1
Loss for the financial year	-	(79.3)	(79.3)
Unrealised loss on revaluation of investment properties	(8.9)	-	(8.9)
Capital contribution	-	2.0	2.0
1 January 2013	219.8	(96.9)	122.9
Loss for the financial period	-	(9.1)	(9.1)
Unrealised gain on revaluation of investment properties	16.2	-	16.2
Initial recognition of defined benefit pension scheme	-	(8.7)	(8.7)
Deferred tax on initial recognition of defined benefit pension scheme	-	2.0	2.0
Actuarial gain recognised in the pension scheme	-	11.0	11.0
Deferred tax arising on pension scheme asset	-	(2.4)	(2.4)
31 March 2014	236.0	(104.1)	131.9

In the prior year, the capital contribution of £2.0 million relates to an amount due to LHR Airports Limited that was assumed by the Company's immediate parent entity, Heathrow (AH) Limited. The amount relates to a fall in the Company's share of the LHR Airports Limited defined benefit pension scheme deficit caused by a payment made into the scheme by another group company as part of the group's disposal of Edinburgh Airport Limited.

17 Commitments

Commitments for capital expenditure

Contracted capital expenditure commitments amount to £21.5 million (2012: £8.9 million).

Commitments under operating leases

At 31 March 2014, the Company was committed to making the following payments during the next year in respect of operating leases.

	31 March 2014 £m	31 December 2012 £m
Leases which expire: over five years	9.9	9.9

Commitments under contractual obligations

The Company has a contractual commitment to purchase electricity that is used to satisfy physical delivery requirements for electricity usage of the Company until March 2015. Such commitments are for the normal purchase, sale or usage and hence are accounted for as ordinary purchase contracts. At 31 March 2014, the estimated minimum commitment for the future purchase of electricity under this contract totalled £6.5 million (2012: £2.5 million).

Other commitments

The Company has operated blight compensation schemes relating to properties that might be affected by potential future runway developments at Stansted. However, these schemes were closed following the change in government policy in relation to runway developments in South East England. All properties purchased under these schemes are included within investment properties at a value of £73.0 million as at 31 March 2014 (2012: £69.7 million).

The Company is also required by the government to offer noise mitigation measures relating to existing airport activities. The schemes included the provision of noise insulation for community buildings and dwellings and assistance with the costs of relocation for dwelling owners. A review of the existing noise insulation and mitigation schemes commenced during 2010. In 2013, the government conducted a consultation on its next high flying regime from October 2014.

Stansted Airport Limited

Notes to the financial statements for the 15 months ended 31 March 2014 *continued*

18 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.

19 Ultimate parent undertaking

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.