East Midlands International Airport Limited

Directors' report and financial statements

Registered number 2078271

Year ended 31 March 2014

Contents

Strategic report

Principal activities

The principal activities of the Company during the year were the operation and management of East Midlands International Airport. 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 East Midlands International Airport as a world-class airport to meet the requirements of users and for the benefit of the economy in the East Midlands region.

The Company is a wholly owned subsidiary of East Midlands Airport Nottingham Derby Leicester Limited, which itself, is a wholly owned subsidiary of Manchester Airports Holdings Limited.

Business review

The results for the year are set out on page 7. The directors do not recommend the payment of a dividend for the year ended 31 March 2014 *(2013: £nil).*

Principal risks and uncertainties

The key risks faced by the Company are aligned to that of Manchester Airports Holdings Limited. For more details of these risks and how they are managed please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any other significant risks for the Company.

Key performance indicators ("KPIs")

The key performance indicators for the Company are aligned to that of Manchester Airports Holdings Limited. For more details of these KPIs please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited on pages 8 to 29. The directors do not use any additional KPIs for this Company.

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 that 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 received 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 recognition arrangements various employee fora 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

17 December 2014

Directors' report

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

Directors

The directors who held office during the year were as follows:
A Cliffe
C Cornish
A Harrison (resigned 25 July 2013)
B Miller (resigned 16 December 2013)
K O'Toole
N Thompson

Political and charitable contributions

The company made no political donations during the year or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's 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 auditor is 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 December 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 East Midlands International Airport Limited

We have audited the financial statements of East Midlands International Airport Limited for the year ended 31 March 2014 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express and 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 East Midlands International Airport Limited (continued)

Matters on which we are required to report by exception

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

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

Jonathan Hurst

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

17 December 2014

Profit and Loss Account
for the year ended 31 March 2014

	Note	2014	2013
		£000	£000
Turnover	2	**51,354**	46,763
Operating costs		**(45,660)**	(38,640)
Operating profit		**5,694**	8,123
Other interest receivable and similar income	6	**2,100**	2,164
Interest payable and similar charges	7	**(4,085)**	(4,127)
Profit on ordinary activities before taxation	3	**3,709**	6,160
Tax on profit on ordinary activities	8	**186**	(2,891)
Profit for the financial year		**3,895**	3,269

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	2013 £000
Fixed assets					
Tangible assets	9		**224,286**		211,592
Current assets					
Stocks	10	**106**		224	
Debtors	12	**67,715**		64,284	
Cash at bank and in hand		**182**		108	
		68,003		64,616	
Creditors: amounts falling due within one year	13	**(34,342)**		(23,270)	
Net current assets			**33,661**		41,346
Total assets less current liabilities			**257,947**		252,938
Creditors: amounts falling due after more than one year	14		**(17,614)**		(17,614)
Provisions for liabilities	15		**(746)**		(280)
Net assets excluding pension liabilities			**239,587**		235,044
Pension liabilities	19		**(7,280)**		(8,695)
Net assets including pension liabilities			**232,307**		226,349
Capital and reserves					
Called up share capital	16		**17,614**		17,614
Revaluation reserve	17		**97,959**		100,366
Profit and loss account	17		**116,734**		108,369
Shareholders' funds			**232,307**		226,349

The notes on pages 10 to 23 form part of these financial statements.

These financial statements of East Midland International Airport Limited, registered number, 2078271 were approved by the board of directors on 17 December 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
Profit for the financial year	**3,895**	3,269
Unrealised surplus on revaluation of properties	**482**	2,538
Actuarial gain/(loss) recognised in the pension scheme	**2,400**	(771)
Deferred tax arising on (losses)/gains in the pension scheme	**(480)**	177
Effect of tax rate change in deferred tax arising on loss in the pension scheme	**(339)**	(103)
Total recognised gains and losses relating to the financial year	**5,958**	5,110

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

	2014 £000	2013 £000
Reported profit on ordinary activities before taxation	**3,709**	6,160
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**2,889**	2,889
Historical cost profit on ordinary activities before taxation	**6,598**	9,049
Historical cost profit for the year retained after taxation and dividends	**6,784**	6,168

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

	2014 £000	2013 £000
Profit for the financial year	**3,895**	3,269
Other recognised gains/(losses) relating to the year (net)	**1,581**	(697)
Unrealised surplus on revaluation of investment properties	**482**	2,538
Net addition to shareholders' funds	**5,958**	5,110
Opening shareholders' funds	**226,349**	221,239
Closing shareholders' funds	**232,307**	226,349

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 21.

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.

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 land and assets in the course of construction.

Investment properties

In accordance with Statement of Standard Accounting Practice ('SSAP') 19 'Accounting for Investment Properties', investment properties are revalued annually by an Independent Property Valuer, with the surplus or deficit being transferred to a revaluation reserve. Permanent deficits are written off to the profit and loss account to the extent that such deficits exceed the balance sheet standing to the credit of the investment revaluation reserve.

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

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

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.

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.

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.

Stocks

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

Taxation

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover, which excludes value added tax, represents amounts received and receivable by the Company for services provided in the normal course of business, rent receivable and income from commercial concessions. The following revenue recognition criteria apply to the Company's main income streams:

- Various passenger charges for handling and security based upon the number of departing passengers, recognised at point of departure;
- Aircraft departure charges levied according to weight, recognised at point of departure;
- Aircraft parking charges based upon a combination of weight and time parked, recognised at time of parking;
- Car parking income recognised at the point of parking for Short and Long Stay parking. Contract parking recognised over the period to which it relates on a straight-line basis;
- Concession income from retail and commercial concessionaries is recognised in the period to which it relates on an accruals basis;
- Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term; and
- Development profits are recognised upon legal completion of contracts.

2 Analysis of turnover

	2014	2013
	£000	£000
By activity		
Aviation	**24,451**	22,573
Car parking	**13,139**	10,855
Property and property related	**778**	905
Retail concessions	**8,630**	8,207
Other	**4,356**	4,223
	51,354	46,763

Notes *(continued)*

3 Notes to the profit and loss account

	2014	2013
	£000	£000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets:		
Owned	**7,203**	6,635
Hire of plant and machinery - operating leases	**27**	62

Auditors' remuneration:

	2014	2013
	£000	£000
Amounts receivable by the auditors and their associates in respect of:		
Audit of these financial statements	**19**	19

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 parent, Manchester Airports Holdings Limited.

4 Remuneration of directors

A Cliffe, 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 remuneration paid to other directors was £288,000 (2013:£182,000). The company made contributions to a money purchase pension scheme on behalf of the Directors of £11,000 (2013:£14,000).

Notes *(continued)*

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
Operational	**532**	474
Management and administrative	**2**	7
	534	481

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£000	£000
Wages and salaries	**14,863**	11,373
Social security costs	**1,062**	1,066
Other pension costs	**1,033**	956
	16,958	13,395

6 Other interest receivable and similar income

	2014	2013
	£000	£000
Expected return on pension scheme assets	**2,100**	2,164
	2,100	2,164

7 Interest payable and similar charges

	2014	2013
	£000	£000
Interest payable on shares classified as liabilities	**1,585**	1,585
Interest on pension scheme liabilities	**2,500**	2,542
	4,085	4,127

Of the above amount £1,585,000 *(2013: £1,585,000)* was payable to Group undertakings.

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	**2,147**		2,872	
Adjustments in respect of prior periods	**(2,758)**		16	
Total current tax		**(611)**		2,888
Deferred tax (see note 15)				
Origination/reversal of timing differences	**215**		168	
FRS17 Adjustments	**(41)**		(53)	
Adjustment in respect of previous years	**331**		(107)	
Effect of change in rate of Corporation Tax	**(80)**		(5)	
Total deferred tax		**425**		3
Tax on profit on ordinary activities		**(186)**		2,891

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2013: higher) than the standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below.

	2014 £000	2013 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**3,709**	6,160
Current tax at 23% (2013: 24%)	**853**	1,478
Effects of:		
Depreciation on asset revaluation	**664**	693
Expenses not deductible for tax purposes	**369**	401
Depreciation for the period in excess of capital allowances	**265**	387
Short term timing differences	**(52)**	(82)
FRS17 Adjustments	**48**	56
Adjustments to tax charge in respect of previous periods	**(2,758)**	16
Non taxable income	**-**	(61)
Total current tax (credit)/charge (see above)	**(611)**	2,888

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%.

Notes *(continued)*

9 Tangible fixed assets

	Investment properties £000	Freehold land and property £000	Long leasehold property £000	Airport infrastructure £000	Vehicles and equipment £000	Assets in the course of construction £000	Total £000
Cost							
At beginning of year	10,954	35,035	107,707	176,263	60,304	4,563	394,826
Additions	-	-	-	-	-	19,720	19,720
Disposals	-	(300)	(2,396)	(103)	(7,233)	-	(10,032)
Reclassification		-	166	4,820	720	(5,706)	-
Revaluations	482	-	-	-	-	-	482
At end of year	11,436	34,735	105,477	180,980	53,791	18,577	404,996
Depreciation							
At beginning of year	-	-	61,666	71,283	50,285	-	183,234
Charge for year	-	-	546	2,940	3,717	-	7,203
Disposals			(2,391)	(103)	(7,233)	-	(9,727)
At end of year	-	-	59,821	74,120	46,769	-	180,710
Net book value							
At 31 March 2014	**11,436**	**34,735**	**45,656**	**106,860**	**7,022**	**18,577**	**224,286**
At 31 March 2013	10,954	35,035	46,041	104,980	10,019	4,563	211,592

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 *Tangible fixed assets*.

Land and buildings

	2014 £000	2013 £000
Historical cost of revalued assets	**201,246**	191,558
Aggregate depreciation thereon	**(83,130)**	(77,718)
Historical cost net book value	**118,116**	113,840

The last full valuation was performed at 31 March 2014. The full valuations were 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)*

10 Stocks

	2014 £000	2013 £000
Raw materials and consumables	**106**	224
	106	224

11 Fixed asset investments

	Shares in Subsidiary Undertakings £
Cost	
At beginning and end of year	4
Net book value	
At 31 March 2014 and March 2013	**4**

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

Subsidiary undertakings	Country of incorporation	Principal Activity	Class and percentage of shares held
East Midlands Airport Property Investments (Hotels) Limited	England and Wales	Investment property company	100% ordinary
East Midlands Airport Property Investments (Industrial) Limited	England and Wales	Investment property company	100% ordinary
East Midlands Airport Property Investments (Offices) Limited	England and Wales	Investment property company	100% ordinary
East Midlands Airport Core Property Investments Limited	England and Wales	Investment property company	100% ordinary

12 Debtors

	2014 £000	2013 £000
Trade debtors	**3,246**	1,059
Amounts owed by group undertakings	**61,400**	61,282
Other debtors	**5**	239
Prepayments and accrued income	**3,064**	1,704
	67,715	64,284

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	**3,217**	3,293
Amounts owed to group undertakings	**10,303**	5,146
Taxation and social security	**2,817**	3,310
Other creditors	**1,671**	2,219
Accruals and deferred income	**16,334**	9,302
	34,342	23,270

14 Creditors: amounts falling due after more than one year

	2014	2013
	£000	£000
Preference shares classified as liabilities	**17,614**	17,614
	17,614	17,614

The 9% cumulative redeemable preference shares have no fixed redemption date. They are to be repaid, fully or in part, by the giving of a least one-month's notice by either the Company or a shareholder. No premium is payable on redemption. The preference shares have no voting rights attached.

Notes *(continued)*

15 Provisions for liabilities

	Deferred taxation £000
At beginning of year	280
Charged to the profit and loss for the year	466
At end of year	746

The elements of deferred taxation are as follows:

	2014 £000	2013 £000
Difference between accumulated depreciation and capital allowances	**1,048**	1,014
Other timing differences	**(302)**	(734)
Deferred tax liability	**746**	280
Arising on pension liability	**(1,820)**	(2,597)
	(1,074)	(2,317)

No provision has been made for deferred tax on gains recognised on revalued property. An estimate of tax that could be payable if these assets were sold is £19.6m (2013: £23.1m). An estimate of the tax that could be payable relating to gains if investment properties transferred to subsidiaries at 'no gain no loss' for tax purposes are sold outside the Group is £7.4m (2013: £8.5m).

Notes *(continued)*

16 Called up share capital

	2013	2012
	£000	£000
Allotted, called up and fully paid		
17,614,008 Ordinary shares of £1 each	**17,614**	17,614
	17,614	17,614

17 Reserves

	Revaluation reserve	**Profit and loss account**
	£000	**£000**
At beginning of year	100,366	108,369
Profit for the year	-	3,895
Actuarial gain recognised in the pension scheme	-	2,400
Deferred tax arising on losses in the pension scheme	-	(480)
Effect of change in tax rates on deferred tax arising on losses in the pension scheme	-	(339)
Surplus on revaluation of investment properties	482	-
Depreciation transfer to profit and loss	(2,889)	2,889
At end of year	**97,959**	**116,734**

18 Commitments

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

	2014	2013
	£000	£000
Contracted	-	1,363

Notes *(continued)*

18 Commitments *(continued)*

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

	2014		2013	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**-**	**3**	-	18
In the second to fifth years inclusive	**-**	**23**	-	39
Over five years	**-**	**-**	-	-
	-	**26**	-	57

19 Pension schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £717,000 *(2013: £211,000)*.

Contributions amounting to £nil *(2013: £nil)* were payable to the scheme at the year end and are included in creditors.

Defined benefit scheme

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	2013
	£000	£000
Present value of funded defined benefit obligations	**(57,600)**	(57,857)
Fair value of plan assets	**48,500**	46,565
Deficit	**(9,100)**	(11,292)
Related deferred tax asset	**1,820**	2,597
Net liability	**(7,280)**	(8,695)

Movements in present value of defined benefit obligation

	2014	2013
	£000	£000
At 1 April	**(57,857)**	(51,478)
Current service cost	**(1,000)**	(1,062)
Interest cost	**(2,500)**	(2,542)
Actuarial gains/(loss)	**2,500**	(4,082)
Contributions by members	**(300)**	(404)
Net benefits paid out	**1,557**	1,711
At 31 March	**(57,600)**	(57,857)

Notes *(continued)*

19 Pension schemes *(continued)*

Movements in fair value of plan assets

	2014 **£000**	2013 £000
At 1 April	**46,565**	41,190
Expected return on plan assets	**2,100**	2,164
Actuarial (loss)/gain	**(100)**	3,311
Contributions by employer	**1,192**	1,207
Contributions by members	**300**	404
Benefits paid	**(1,557)**	(1,711)
At 31 March	**48,500**	46,565

Expense recognised in the profit and loss account

	2014 **£000**	2013 £000
Current service cost	**1,000**	1,062
Interest on defined benefit pension plan obligation	**2,500**	2,542
Expected return on defined benefit pension plan assets	**(2,100)**	(2,164)
Total	**1,400**	1,440

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

	2014 **£000**	2013 £000
Operating costs	**1,000**	1,062
Other interest receivable and similar income	**(2,100)**	(2,164)
Interest payable and similar charges	**2,500**	2,542
	1,400	1,440

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains is £2,400,000 *(2013: loss of £771,000)*.

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	**29,700**	26,907
Corporate bonds	**11,800**	13,224
Property	**5,200**	4,069
Other	**1,800**	2,365
	48,500	46,565
Actual return on plan assets	**2,000**	5,475

Notes *(continued)*

19 Pension schemes *(continued)*

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

	2014	2013
	%	%
Discount rate	**4.4**	4.4
Expected rate of return on plan assets	**5.8**	4.6
Expected return on plan assets at beginning of the period	**4.6**	5.8
Future salary increases	**2.0**	2.0
Inflation assumption	**2.45**	2.5

The mortality assumptions are based on the S1NXA standard mortality tables allowing for medium cohort 1% minimum mortality improvements. The assumptions are that a future retiree will live on average a further 23.5 years after retirement if they are male and for a further 26 years if they are female.

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	**(57,600)**	(57,857)	(51,478)	(45,811)	(42,682)
Fair value of scheme assets	**48,500**	46,565	41,190	38,726	35,597
Deficit	**(9,100)**	(11,292)	(10,288)	(7,085)	(7,085)

Experience adjustments

	2014	2013
	£000	£000
Experience adjustments on scheme liabilities	**-**	97
Experience adjustments on scheme assets	**(100)**	3,311

The Company expects to contribute approximately £1,200,000 to its defined benefit plans in the next financial year.

20 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.

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

The Company is a subsidiary undertaking of East Midlands Airport Nottingham Derby Leicester 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 this Group are available to the public and may be obtained from Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX.