

Manchester Airport Group Finance
Limited

Annual report and financial statements

Registered number 8338561

Year ended 31 March 2018

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Strategic report

The directors present their strategic report for the Company for the year ended 31 March 2018.

Principal activities

The principal activity of the Company during the year was acting as an intermediate holding company, holding external debt on behalf of the group of companies owned by Manchester Airports Holdings Limited (the 'Group'), as well as back-to-back intercompany loans with Manchester Airport Group Funding Plc, which holds the Group's external listed bonds. This is expected to continue for the foreseeable future.

Business review and future outlook

The results for the year are set out on page 6. During the year, the Company made a profit before tax of £935,632,000 (2017: loss of £41,531,000). At the year end the Company had net assets of £2,347,915,000 (2017: £2,105,212,000).

On 29 March 2018, the Company's parent company, The Manchester Airport Group Plc, made a capital contribution into the Company of £88,790,000 by subscribing for 10,000 new Ordinary shares of £1 each at an aggregate premium of £88,780,000.

Manchester Airports Group ('MAG'), the group of companies whose ultimate parent company is Manchester Airports Holdings Limited, and of which the Company is a member, has continued to work with industry partners to help shape the UK Government's approach to Brexit. MAG is confident that the UK Government and the EU recognise the need to provide continuity for aviation and the importance of a transitional period after the UK leaves the EU in March 2019. In particular, MAG welcomes the commitment from both sides to putting in place a framework to enable air services to be maintained post Brexit. Maintaining the current liberal regime in the long term, alongside other agreements with other countries, must be a priority of the Government, to help ensure that the recent successful growth of aviation continues into the future.

MAG's resilient foundations, healthy financial position and the fundamental strengths of MAG's airports, will ensure that the Company is well placed to respond to any challenges that may be felt by the UK economy in the future, and the directors continue to take a positive long-term view of the Company's prospects.

Principal risks and uncertainties

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

Key performance indicators ('KPIs')

The key performance indicators for the Company are aligned with those of Manchester Airports Holdings Limited. For more details of these KPIs please refer to the strategic report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not used any additional KPIs for the Company.

By order of the Board



N Thompson

Director

28 September 2018

Directors' report

The directors present their directors' report and audited financial statements of the Company for the year to 31 March 2018.

Directors

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

C Cornish
N Thompson

Financial risk management

The Company's activities expose it to a variety of financial risks. The Company's funding, liquidity and exposure to interest rate risks are managed by the Group's Treasury function.

Treasury operations are conducted within a framework of policies, which are approved and subsequently monitored by the Board. These include guidelines on funding, interest rate risk management and counterparty risk management.

For more details of the management of these risks please refer to page 40 of the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any additional risks specific to this Company.

Going concern

The Company is able to rely on the Group of which it is a member for financial support. Manchester Airports Holdings Limited, the Company's ultimate parent undertaking, has confirmed that it will continue to provide financial and other support to the Company, for at least the next twelve months from the date of approval of the financial statements, to the extent necessary to enable the Company to continue to trade, and in particular will not seek repayment of the amounts currently made available.

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events, which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing these accounts. For further details see note 1.

Dividends

A dividend of £781,719,000 (2017: £nil) was declared and paid in the 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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

Independent auditor

Written resolutions relating to the reappointment of KPMG LLP as auditor, and to the authority of the directors to fix the auditor's remuneration, are to be put before the Company's voting shareholders for execution in the short term (and in the case of the former resolution, within the relevant year prescribed by statute).

By order of the Board



N Thompson
Director
28 September 2018

Olympic House
Manchester Airport
Manchester
M90 1QX

Statement of directors' responsibilities relating to 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Manchester Airport Group Finance Limited

Opinion

We have audited the financial statements of Manchester Airport Group Finance Limited for the year ended 31 March 2018, which comprise the income statement and other comprehensive income, statement of financial position and statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Manchester Airport Group Finance Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Nicola Quayle

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

28 September 2018

Income statement and other comprehensive income
for the year ended 31 March 2018

	<i>Note</i>	2018 £000	2017 £000
Revenue		-	-
Operating costs		-	-
		<hr/>	<hr/>
Operating profit		-	-
Interest payable and similar charges	5	(43,541)	(41,531)
Dividends received		979,173	-
		<hr/>	<hr/>
Profit/(loss) before taxation		935,632	(41,531)
Tax on profit/(loss)	6	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year		935,632	(41,531)
		<hr/>	<hr/>
Other comprehensive income for the year net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income/(expense) for the year		935,632	(41,531)
		<hr/> <hr/>	<hr/> <hr/>

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

The notes on pages 9 to 18 form an integral part of these financial statements.

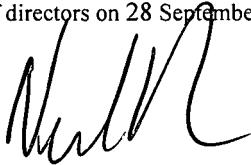
Statement of financial position

at 31 March 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Non-current assets					
Investments in subsidiary undertakings	7		2,752,303		2,752,303
			<u>2,752,303</u>		<u>2,752,303</u>
Current assets					
Trade and other receivables	8	691,445		394,673	
Current liabilities					
Trade and other payables	9	(528)		(104,632)	
			<u>690,917</u>	<u>290,041</u>	
Net current assets			<u>690,917</u>	<u>290,041</u>	
Total assets less current liabilities			<u>3,443,220</u>	<u>3,042,344</u>	
Non-current liabilities	10		(1,095,305)		(937,132)
			<u>2,347,915</u>	<u>2,105,212</u>	
Net assets			<u>2,347,915</u>	<u>2,105,212</u>	
Capital and reserves					
Called up share capital	12		310		300
Share premium	13		2,346,146		2,257,366
Retained earnings	13		1,459		(152,454)
			<u>2,347,915</u>	<u>2,105,212</u>	
Shareholders' funds			<u>2,347,915</u>	<u>2,105,212</u>	

The notes on pages 9 to 18 form an integral part of these financial statements.

These financial statements of Manchester Airport Group Finance Limited, registered number 8338561, were approved by the board of directors on 28 September 2018 and were signed on its behalf by:



N Thompson
Director

Statement of changes in equity
for the year ended 31 March 2018

	Called up share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 April 2017	300	2,257,366	(152,454)	2,105,212
Total comprehensive income for the year				
Profit for the year	-	-	935,632	935,632
Total comprehensive income for the year	-	-	935,632	935,632
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(781,719)	(781,719)
Shares issued	10	88,780	-	88,790
Balance at 31 March 2018	310	2,346,146	1,459	2,347,915

	Called up share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 April 2016	300	2,257,366	(110,923)	2,146,743
Total comprehensive expense for the year				
Loss for the year	-	-	(41,531)	(41,531)
Total comprehensive expense for the year	-	-	(41,531)	(41,531)
Balance at 31 March 2017	300	2,257,366	(152,454)	2,105,212

The notes on pages 9 to 18 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Manchester Airport Group Finance Limited (the 'Company') is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt, by virtue of section 400 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.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ('FRS 102') as issued in August 2014. The amendments to FRS102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Manchester Airports Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Manchester Airports Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public, and may be obtained from Olympic House, Manchester Airport, M90 1QX.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 relating to the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the year;
- Cash flow statement and related notes; and
- Key management personnel compensation.

The Company has taken advantage of section 33.1A of FRS 102 and not disclosed transactions with fellow Group companies.

As the consolidated financial statements of Manchester Airports Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available relating to the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* relating to financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out over the page have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

The Company is able to rely on the Group of which it is a member for financial support. Manchester Airports Holdings Limited, the Company's ultimate parent undertaking, has confirmed that it will continue to provide financial and other support to the Company, for at least the next twelve months from the date of approval of the financial statements, to the extent necessary to enable the Company to continue to trade, and in particular will not seek repayment of the amounts currently made available.

The Group has considerable financial resources, as well as long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors of the Group believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

After considering all this available information, the directors of the Group have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

As with any company placing reliance on other group entities for financial support, the directors of the Company acknowledge that there can be no certainty that this financial and other support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. On the basis of the above, the directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Foreign currency

The Company financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other receivables/payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Notes (continued)

1 Accounting policies (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Fees paid on the establishment of loan facilities are amortised over the duration of the financing as part of the effective interest rate.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment with changes recognised in other comprehensive income. Impairments are recognised in the income statement.

1.6 Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss relating to a financial asset measured at amortised cost is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between an asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

1.7 Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges and the amortisation of debt issue costs.

Interest receivable and interest payable are recognised in the income statement as they accrue, using the effective interest method.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable relating to previous years.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

2 Notes to the income statement

Amounts receivable by the Company's auditor and the auditor's associates relating to services to the Company have been borne by the Company's ultimate parent, Manchester Airports Holdings Limited. The directors believe that the proportion of the consolidated fee applicable to the Company is £5,000 (2017: £7,000).

3 Remuneration of directors

C Cornish and N Thompson were directors of Manchester Airports Holdings Limited during the year and their aggregate remuneration is disclosed in that company's consolidated financial statements. The directors believe that the proportion of their aggregate remuneration applicable to the Company based on services provided is £150,000 (2017: £155,815).

4 Staff numbers and costs

The Company had no employees during the year (2017: nil). The remuneration of the directors has been borne by a fellow Group company, The Manchester Airport Group Plc.

5 Interest payable and similar charges

	2018 £000	2017 £000
Interest payable on bank loans and overdrafts	2,688	3,527
Interest payable to other Group undertakings ¹	40,212	36,889
Amortisation of issue costs (note 11)	641	1,115
	<u>43,541</u>	<u>41,531</u>

¹ This amount relates to interest due on the loan from Manchester Airport Funding Plc, granted in February 2014 (see note 10).

Notes (continued)

6 Taxation

Total tax expense recognised in the income statement and other comprehensive income

	2018 £000	2018 £000	2017 £000	2017 £000
<i>UK corporation tax</i>				
Current tax on income/(expense) for the year	-		-	
	<hr/>		<hr/>	
Total current tax		-		-
		<hr/>		<hr/>
Total tax		-		-
		<hr/> <hr/>		<hr/> <hr/>

Total tax expense recognised in the income statement, other comprehensive income and equity

	2018 Current tax £000	2018 Deferred tax £000	2018 Total tax £000	2017 Current tax £000	2017 Deferred tax £000	2017 Total tax £000
Recognised in the income statement	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	-	-	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	2018 £000	2017 £000
<i>Current tax reconciliation</i>		
Profit/(loss) for the year	935,632	(41,531)
Total tax expense	-	-
	<hr/>	<hr/>
Profit/(loss) before tax	935,632	(41,531)
	<hr/>	<hr/>
Profit/(loss) multiplied by the standard rate of corporation tax of 19% (2017: 20%)	177,770	(8,306)
	<hr/>	<hr/>
<i>Effects of:</i>		
Income not deductible for tax purposes	(186,043)	-
Losses surrendered to other group companies	8,273	8,306
	<hr/>	<hr/>
Total current tax expense included in the income statement	-	-
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future current and total tax charges

The Finance Bill 2016 was substantively enacted on 6 September 2016 and included a reduction in the rate of corporation tax to 17% from 1 April 2020.

Notes (continued)

7 Fixed asset investments

Shares in group
undertakings
£000

Cost and net book value

At 31 March 2017 and 31 March 2018

2,752,303

At 31 March 2018 the Company held investments in the following subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activity	Class and description of shares held	Percentage of shares held
Airport Advertising Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
Airport Petroleum Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
Bainsdown Limited**	England and Wales	Non-trading	Ordinary £1 shares	100%
East Midlands Airport Core Property Investments Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
East Midlands Airport Nottingham Derby Leicester Limited*	England and Wales	Intermediate holding company of East Midlands International Airport Limited	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Hotels) Limited*	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Industrial) Limited*	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Offices) Limited*	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands International Airport Limited***	England and Wales	Airport operator	Ordinary £1 shares Non-voting 9% preference shares	100% 100%
Manchester Airport Aviation Services Limited**	England and Wales	Non-trading	Ordinary £1 shares	100%

Notes (continued)

7 Fixed asset investments (continued)

Name of undertaking	Country of incorporation	Principal activity	Class and description of shares held	Percentage of shares held
Manchester Airport Group Property Developments Limited*	England and Wales	Property development company	Ordinary £1 shares	100%
Manchester Airport Group Property Services Limited*	England and Wales	Property management company	Ordinary £1 shares	100%
Manchester Airport Plc**	England and Wales	Airport operator	Ordinary £1 shares	100%
Manchester Airport Property Investments (Hotels) Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
Manchester Airport Property Investments (Industrial) Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
Manchester Airport Property Investments (Offices) Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
Manchester Airport Ventures Limited**	England and Wales	Non-trading	Ordinary £1 shares	100%
Ringway Developments Plc*	England and Wales	Non-trading	Ordinary £1 shares	100%
Ringway Handling Limited**	England and Wales	Non-trading	Ordinary £1 shares	100%
Ringway Handling Services Limited**	England and Wales	Non-trading	Ordinary £1 shares	100%
Stansted Airport Limited****	England and Wales	Airport operator	Ordinary £1 shares	100%
Worknorth Limited*	England and Wales	Non-trading	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%
Worknorth II Limited**	England and Wales	Non-trading	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%

The registered office addresses for each of the above companies are detailed below:

- * Olympic House, Manchester Airport, Manchester, M90 1QX
- ** PO Box 532, Town Hall, Albert Square, Manchester, M60 2LA
- *** Building 34, East Midlands Airport, Castle Donington, Derby, DE74 2SA
- **** Enterprise House, Bassingbourne Road, Stansted Airport, Essex, CM24 1QW

Notes (continued)

8 Trade and other receivables

	2018	2017
	£000	£000
Amounts owed by group undertakings	691,445	394,673
	<u>691,445</u>	<u>394,673</u>

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand, and as at 31 March 2018 include dividends receivable of £979,173,000 (2017: £nil).

9 Trade and other payables

	2018	2017
	£000	£000
Amounts owed to group undertakings	267	104,301
Other payables	261	331
	<u>528</u>	<u>104,632</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand, and as at 31 March 2018 include dividends payable of £781,719,000 (2017: £nil).

10 Other non-current liabilities

	2018	2017
	£000	£000
Bank loans and overdrafts (note 11)	(2,805)	134,060
Amounts owed to group undertakings – interest-bearing (note 11)	1,098,110	803,072
	<u>1,095,305</u>	<u>937,132</u>

Interest on bank loans and overdrafts is linked to LIBOR plus a margin.

Amounts owed to group undertakings – interest-bearing at 31 March 2018 represent a loan from Manchester Airport Group Funding Plc. At 31 March 2018 the effective interest rate on the loan was 4.30% (2017: 4.60%).

Notes (continued)

11 Interest bearing loans and borrowings

Borrowings are repayable as follows:

	2018 £000	2017 £000
<i>In one year or less, or on demand</i>		
Bank overdrafts	-	134,060
<i>In more than two years, but no more than five years</i>		
Bank loans	(2,805)	-
<i>In more than five years – due by other instalments</i>		
Amounts owed to Group undertakings	1,098,110	803,072
	<hr/>	<hr/>
Total interest-bearing borrowings	1,095,305	937,132
	<hr/> <hr/>	<hr/> <hr/>

Analysis of bank loans is as follows:

	2018 £000	2017 £000
<i>Amounts due between two and five years:</i>		
Secured Revolving Credit Facility	-	137,000
Less: unamortised debt issue costs	(2,805)	(2,940)
	<hr/>	<hr/>
	(2,805)	134,060
	<hr/> <hr/>	<hr/> <hr/>

Issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

During the year the Group completed the maturity extension of its revolving credit and liquidity facilities, comprising the £500.0m Authorised Credit Facility Agreement (ACF) and the £60.0m Liquidity Facility Agreement (LF), each with a five-year term, maturing in 2022. In May 2018 the Group extended the facilities for a further year, resulting in a revised maturity date of June 2023.

Analysis of the amounts owed to group undertakings is as follows:

	2018 £000	2017 £000
<i>Amounts due in more than five years:</i>		
Intercompany loan at 4.125% repayable in 2024	360,000	360,000
Intercompany loan at 4.750% repayable in 2034	450,000	450,000
Intercompany loan at 2.875% repayable in 2039	300,000	-
Less: discount on issue	(5,388)	(1,852)
Less: unamortised debt issue costs	(6,502)	(5,076)
	<hr/>	<hr/>
	1,098,110	803,072
	<hr/> <hr/>	<hr/> <hr/>

The intercompany issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

Notes (continued)

12 Called up share capital

	2018 £000	2017 £000
<i>Issued, called up and fully paid</i>		
At 1 April, 300,000 Ordinary shares of £1 each	300	300
10,000 Ordinary shares of £1 each issued	10	-
	<hr/>	<hr/>
At 31 March	310	300
	<hr/> <hr/>	<hr/> <hr/>

13 Reserves

	Share premium £000	Retained earnings £000
At 1 April 2017	2,257,366	(152,454)
Profit for the year	-	935,632
Dividends paid	-	(781,719)
Share premium on shares issued	88,780	-
	<hr/>	<hr/>
At 31 March 2018	2,346,146	1,459
	<hr/> <hr/>	<hr/> <hr/>
	Share premium £000	Retained earnings £000
At 1 April 2016	2,257,366	(110,923)
Loss for the year	-	(41,531)
	<hr/>	<hr/>
At 31 March 2017	2,257,366	(152,454)
	<hr/> <hr/>	<hr/> <hr/>

14 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 banks. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets. The total amount outstanding under this agreement at 31 March 2018 is £1,095.3m (2017: £937.1m).

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

The Company is a subsidiary undertaking of Manchester Airport Group Investments 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 these groups are available to the public and may be obtained from the Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX, or via the website at www.magairports.com.

16 Post balance sheet events

In May 2018 the Group completed a maturity extension of its revolving credit and liquidity facilities, comprising the £500.0m Authorised Credit Facility Agreement (ACF) and the £60.0m Liquidity Facility Agreement (LF), each with a five-year term, for a further year. As a result, these facilities have a revised maturity date of June 2023.