

Manchester Airport Group Funding Plc

Annual report and financial statements

Registered number 8826541

Year ended 31 March 2018

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Strategic report

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

Principal activities

The principal activity of the Company during the year was acting as a debt issuing company on behalf of Manchester Airports Holdings Limited ('MAHL', the ultimate holding company of the Company). This activity is expected to continue for the foreseeable future. MAHL and its subsidiaries (including the Company) are referred to below as 'MAG' or 'the Group'.

Business review and future outlook

The results for the year are set out on page 9. During the year, the Company made a profit before tax of £5,000 (2017: £5,000). At year end, the Company had net assets of £54,000 (2017: £63,000).

MAG 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 MAHL. More details of these KPIs appear in the strategic report in the annual report and accounts of MAHL for the year ended 31 March 2018. 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 for the year to 31 March 2018.

Non-compliance with listed securities requirements

Non-compliance with the listed securities requirements could result in sanctions or fines to the business, reputational damage with investors, and it could impact the ability to re-finance in the future. The risk is mitigated by having an Investor Engagement Plan in place, and through regular briefings to the Executive Committee undertaken by the Corporate Finance Director.

Corporate governance statement

The Company is a member of MAG and, as such, shares with all other members of that Group the internal control and risk management systems in relation to financial reporting processes. The MAHL audit committee, which has at least one independent member and at least one competent in accounting: (i) monitors the financial reporting processes of MAG; (ii) monitors the effectiveness of internal control, internal audit, and risk management systems in each case throughout MAG; (iii) monitors the statutory audit of the annual and consolidated accounts of MAHL; and (iv) reviews and monitors the independence of the statutory auditor, and in particular the provision of additional services to the members of MAG. The directors of the Company routinely attend meetings of the MAHL audit committee. In all the circumstances, the directors believe it is appropriate for reliance to be placed on the work of that audit committee relative to the Company's financial reporting processes, internal controls and risk management, and the quality and independence of its statutory auditor.

Further information in relation to the internal control and risk management systems affecting financial reporting processes in MAG appears on page 40 of the annual report and accounts of MAHL for the year ended 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

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 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 Company 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 £13,000 was declared and paid in the year (2017: £nil).

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.

Directors' report *(continued)*

Independent auditor

A resolution reappointing KPMG LLP as auditor for the financial year commencing 1 April 2018 will be proposed at that General Meeting of the Company at which these accounts are laid pursuant to Companies Act 2006 section 437.

By order of the Board



N Thompson

Director

28 September 2018

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Manchester Airport
Manchester
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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

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

1 Our opinion is unmodified

We have audited the financial statements of Manchester Airport Group Funding Plc ('the Company') for the year ended 31 March 2018, which comprise the income statement and other comprehensive income, statement of financial position, statement of changes in equity, and the 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee of Manchester Airports Holdings Limited.

We were first appointed as auditor by the directors soon after the Company was incorporated on 27 December 2013. The period of total uninterrupted engagement is for the five financial years ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.