

INVESTING TRANSFORMING CONNECTING

MAGIL Annual Report and Accounts
For the year ended
31 March 2019











MAGIL is a leading UK airport group which owns and operates three major UK airports and an airport property business.

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Manchester London Stansted East Midlands MAG Property

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OUR VISION

To be the premier

services company.

airport management and

To deliver sustainable growth in shareholder value, balancing the needs of our customers, passengers, employees and the communities in which we work, while maintaining the highest safety and security standards.





At a glance

The Group served 61.8m passengers through its airports, which together employ over 6,000 MAGIL staff and support over 40,000 jobs on-site.

OUR STRATEGIC VALUES

Investing

Deliver great service at every touch point

Provide modern and customer focused infrastructure

Transforming

Focus on operational excellence Energise and unlock

the potential of our people

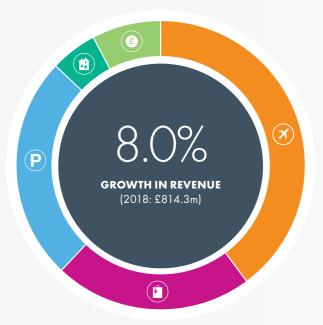


Connecting

Providing global connectivity for our customers

Attracting growth through our new products and services





MAGIL's overall strategic intent is to increase longterm shareholder value by developing its assets, deploying efficient and customer-focused operating processes throughout the business and generating profitable growth.

GROUP REVENUE*

Ω270 1m

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Aviation	£354.5m
Retail Retail	£191.1 m
P Car parking	£217.9m
Property	£46.2m
① Other	£69.4m



AVIATION

MAGIL has a diverse carrier mix from across the globe, with an excellent track record of supporting and delivering passenger growth.

By forging strong commercial partnerships with airlines, our airports have been able to increase choice and convenience for our passengers and make a stronger contribution to economic growth in their regions.

MAGIL owns and operates three of the UK's top cargo airports, which handle over 733,000 tonnes of air cargo (with a value of £27.5bn) to and from global hubs and the UK every year.

AVIATION REVENUE*

£354.5m

More than 70 airlines serving 280+ destinations

P CAR PARKING

We use a combination of market leading analytical, e-commerce, marketing and trading expertise to deliver a tried and tested formula for our highly successful airport car parking businesses.

Our car parks cater for all tastes and budgets ranging from our competitively priced JetParks brand through to Meet & Greet and Valet services

CAR PARKING REVENUE *

2018: £187.1m

Parking spaces across

RETAIL

Across our airports, we have over 400,000 sq ft of retail space operated by over 50 concessionaires. We work with a diverse range of brands, both new and established, to help them operate successfully in an airport environment.

Partnering with MAGIL gives retailers potential access to 61.8m customer journeys.

RETAIL REVENUE *

£191.1m

2018: £177.7m

200+

our airports

PROPERTY

MAG Property manages almost 6m sq ft of high-quality space in offices, terminals, hangars, warehouses and hotels across our airport portfolio at Manchester, London Stansted and East Midlands.

We do much more than simply let the space, we understand the complexities of the infrastructure and services that make airports work, so we know how to help businesses based there take full advantage of them.

PROPERTY REVENUE *

£46.2m

across all airports

^{*} Numbers relate to continuing operations unless stated

Manchester

East Midlands

London Stansted

of UK aviation

Business model

Our business model is based on long-term relationships with our owners and partners, and well invested assets, creating value for all of our stakeholders.

WHAT WE DO

AVIATION

MAGIL has a diverse carrier mix from across the globe, with an excellent track record of supporting and delivering passenger growth.

We also own and operate three of the top four UK cargo airports.



40.3% of sales

RETAIL

We work with a diverse range of brands, both new and established, to help them operate successfully in an airport environment.



21.7% of sales

CAR PARKING

We use a combination of market-leading analytical, e-commerce, marketing and trading expertise to deliver a tried and tested formula for our highly successful airport car parking businesses



24.8% of sales

PROPERTY

on our airport sites: we understand the complexities of the infrastructure and services that make airports work, so we know how to help businesses based there take full advantage of them.



5.3% of sales

HOW WE CREATE VALUE THROUGH OUR COMPETITIVE ADVANTAGES

BROAD CATCHMENT

More than 70% of the UK's population live within two hours of a MAGIL airpor



TALENTED PEOPLE

Our skilled employees bring commercial expertise and an innovative approach to product development and excellent customer service.



WELL-INVESTED ASSETS

Manchester and London Stansted have significant spare runway capacity, and MAGIL's capital plan is for continued investment in our asset base.



LONG-STANDING PARTNERSHIPS

We have long-term commercial agreements with our diverse carrier mix and retail partners



STRONG CAPITAL POSITION

MAGIL is committed to retaining its strong investment grade ratings, and conservative leverage is core to that



LONG-TERM, SUPPORTIVE SHAREHOLDERS

Our unique ownership structure comprises an effective blend of public and private shareholders, including Manchester City Council (35.5%), IFM Investors (35.5%) and the nine other Greater Manchester local authorities (29%).



HOW WE DELIVER VALUE



Our strategy

Our strategy is focused on Investing, Transforming and Connecting

"To achieve our objective of sustainable growth, we have set six strategic priorities which are grouped under our key pillars of Investing, Connecting and Transforming."

£1.5bn

INVESTMENT PROGRAMMES ACROSS MANCHESTER AND LONDON STANSTED

INVESTING

Investment in enhancing our capabilities is paying off and underpinning our £1.5bn investment programmes

This year saw the continuation of the £1.5bn investment programmes at Manchester and London Stansted.

MAGIL is investing this money to ensure that its airports are ready to deliver the aviation capacity that the UK needs in the next 10-15 years, before any new runway is built in the South East.

Deliver great service at every touch point

Provide modern and customer focused infrastructure

In 2018-19, £1.5bn transformation programmes continued at pace, with the first phase of

Manchester Airport's £1bn transformation open to

TRANSFORMING

We realise the full potential of our people and have the proccesses and systems to deliver the range of services our customers A key focus this year has been on ensuring that passengers get a seamless, hassle-free experience, whether they are flying through one of our newer terminals or through older infrastructure. To prepare for a busy summer season, we have given our staff extra training to enable them to deliver an improved passenger

Meanwhile, our MAG-O technology business continues to launch innovative new online products to help customers navigate our terminals and get a better deal.

Focus on operational excellence

Energise and unlock the potential of our people



passengers on time.



new tech

experience through our terminals, through gree customer service, streamlined processes and technological innovation.

CONNECTING

Serving our customer catchments with the global connections, leisure and business, that attract people to our airports

With passenger growth now passed the symbolic 60m passengers per annum mark, MAGIL Airports continue to grow and connect to more markets than ever before.

MAGIL has dedicated team whose job it is to proactively work with airline partners to establish new routes and make them a success.

Providing global connectivity for our customers

Attracting growth through our new products and services



New routes to Los Angeles and Addis Ababa and the expanding of short haul networks across all our airports, meant this year was successful in route development.

Investing

Continued investment in enhancing and expanding our infrastructure is paying off and underpins our £1.5bn investment programmes





2019 witnessed the continuation of

£1.5bn transformation programmes started in 2018. The next phase will involve the completion of work on eight new aircraft stands, new check-in desks, the completion of a multi-storey car park and upgrading the hold baggage screening system.

£1.5bn

Transformation programme at MAGIL's two largest airports.

Transforming

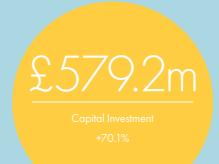
We realise the full potential of our people and have the processes and systems to deliver the range of services our customers want





Driving up standards in passenger experience has been a key focus for the airport management teams this year. This has included investing in more car parking places, more stain security control and new staff training programmes. It has also meant introducing technological innovations, driven by our significant in-house digital capability in MAG-O.

investment in world-class facilities is matched by an equal focus on the experience that every one of our passengers has as they travithrough our terminals, something we look to make as smooth as possible at all times.



"Service innovations will allow us to raise the level of passenger experience at our airports, something which is central to our longterm strategy. Our investment in airport infrastructure is being complemented by a strong focus on passenger experience over the coming years to make our airports welcoming and relaxing places to travel through" - Sir Adrian Montague, MAG Chairman

Serving our customer catchments with the global connections, leisure and business that attract people to our airports



40+

New services



With passengers now passed the symbolic 60m passengers per annum mark, MAGIL continues to grow and connect to more markets than ever before.

MAGIL has dedicated teams to proactively work with airline partners to establish new routes and make them a success. These commercial relationships have yielded a wide range of new routes over the last year, improving the choice and value available to passengers.

This year, one of the most significant route launches was the introduction, for the first time, of direct flights to Dubai from London Stansted Airport. Meanwhile, new full-service long hau routes from Manchester to Addis Ababa and Los Angeles are proving popular additions.

A key part of how airlines assess an airport's appeal is accessibility. Better rail and road inks can mean more people can access new outes, making them more commercially viable. For this reason MAGIL is currently ocused on campaigns supporting securing nigh-speed rail access to Manchester Airport, which will offer people across the North fast and direct access via HS2 and Northern Powerhouse Rail to the increasing range of alobal connections we offer.

If Government takes an integrated approach to developing infrastructure investment in the North, it has the potential to further enhance the journey times and experience for more passengers from across the North and the resoft the UK who wish to be able to use Manchester Airport.

The directors present their strategic report for Manchester Airport Group Investments Limited ('MAGIL') for the year ended 31 March 2019.



Manchester Airport Group Investments Limited ('the Group') comprises the Company and its subsidiaries. The principal activities of the Group during the year were the ownership, operation and development of airport facilities in the UK. The Group's revenues were derived from aircraft and passenger handling charges, airport-based commercial and retail activities, and property.

RESULTS, REVIEW OF BUSINESS AND FUTURE OUTLOOK

The consolidated results for the year under review commence on page 37. The Company intends to continue its development of the Group as an operator of high-quality airports and airport facilities, meeting the increasing demand for air travel and with a reputation for quality, customer service, value for money and a sustainable approach to development.

PRINCIPAL RISKS AND UNCERTAINTIES

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

KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are aligned to that of MAHL. For more details of these KPIs please refer to the strategic report in the annual report and accounts for MAHL. The directors have not used any additional KPIs for the Company.

GOING CONCERN

It should be recognised that any consideration of the foreseeable future involves making a judgement about future events, at a particular point in time, about future events, which are inherently uncertain. Nevertheless, at the time of preparation of these financial statements, and having assessed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Further details can be found in the accounting policies on pages 30 to 36.

By order of the Board.

NinPhonen

Neil Thompson

Chief Financial Officer
For and on behalf of the Board of Directors
4 July 2019





Corporate governance statement

The Group is committed to maintaining high standards of corporate governance and uses the UK Corporate Governance Code (the 'Code') as a guide to best practice. The responsibility for MAGIL's compliance with the Code is delegated to the Board of Directors of Manchester Airports Holdings Limited ('MAHL'), and further details can be found on pages 54 to 61 of the annual report and accounts for Manchester Airports Holdings Limited.

The risk profile of the MAGIL Group is consistent with that of the MAHL Group, as outlined on pages 42 to 43 of the annual report and accounts for Manchester Airports Holdings Limited, and details of MAGIL's internal controls and risk management are set out here.

INTERNAL CONTROL

The directors are responsible for the Group's system of internal control, which aims to safeguard assets and shareholders' investment, and seeks to ensure that proper accounting records are maintained, that statutory and regulatory requirements are met, and that the Group's business is operated economically, effectively and efficiently. It is acknowledged that any system of internal control is most likely to manage rather than eliminate risk, and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Group's system of internal control has been in place throughout the year and up to the date of this annual report. The key elements of the internal control environment, which includes the process for preparing the consolidated financial statements, are:

- clearly defined organisational structures, schemes of delegation and lines of responsibilities;
- the involvement of qualified, professional employees with an appropriate level of experience (both in the Group's Finance function and throughout the business);
- regular meetings of the Board and of the Chief Executive's Executive Committee;
- Board approval of long-term business strategies, key business objectives and annual budgets (with an annual review

being undertaken to update the business strategies and key business objectives);

- preparation, and Board approval, of revised financial forecasts during the year; monitoring financial performance on a monthly basis against budget, and the benchmarking of key performance indicators, with remedial action being taken where appropriate;
- monitoring annual performance against business plans;
- established procedures for planning, approving and monitoring capital projects, together with post investment project appraisal;
- regular review by the Group's Finance function of each business unit including a reconcilitation to the management accounts on a segmental basis;
- the review by the Board of the draft consolidated financial statements:
- the activities of the Internal Audit function (see below); and
- implementation of Group-wide procedures, policies, standards and processes concerning business activities, such as financial reporting, health and safety, and human resources.

The Group has an established, independent Internal Audit function, the role of which is to provide impartial, objective audit, assurance and consulting activity that is designed to strengthen, improve and add value to core processes and procedures across the Group.

The Internal Audit team takes a disciplined and risk-based approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes, aimed at providing assurance that risks are being well managed, and controls are adequately designed and operating effectively. Their approach is based on professional best practice, in particular, the Chartered Institute of Internal Auditors Standards.

An annual risk-based Internal Audit Plan is developed which provides coverage of the Group's risk profile over a rolling five-year period, with an initial focus on areas of high inherent risk and areas where the Group is heavily reliant on mitigating controls to manage the risk to an acceptable level. The plan is dynamic, and is refreshed as required, to reflect the evolution of the Group's risk

profile over time. Over the course of the year, the Internal Audit team has carried out 29 reviews across a broad range of areas including; staff and goods security screening; services relating to persons with reduced mobility; operational capacity management; document control and data security; IT availability management; accounts receivable; and aviation billing.

In respect of key strategic and capital projects, the overall Group Internal Audit Plan is supplemented by an individual Project Assurance Plan, which is kept under regular review, and given the prevalence of major projects across the Group, is the subject of dedicated Internal Audit resource. During the year, the team have undertaken a number of project assurance reviews, including those relating to the ongoing transformation programmes at Manchester and Stansted airports.

The Internal Audit team carries out an annual self-assessment exercise to establish its effectiveness and any areas for improvement, based on the Chartered Institute of Internal Auditors Standards. The most recent exercise confirmed full compliance with those

In line with best practice, MAGIL also operates an independently provided, confidential reporting telephone helpline and web portal for employees to raise matters of concern in relation to fraud, dishonesty, corruption, theft, security and bribery. All claims are fully investigated in line with MAGIL's standard policies and procedures and a full whistleblowing update is provided at each Audit Committee meeting.

Based on the Internal Audit work delivered during the year, in the context of materiality, and considering management's commitment to implement agreed control improvement recommendations, the Internal Audit team concluded that MAGIL's internal control and risk activities were operating effectively for the period under review.

On behalf of the MAGIL Board, the MAHL Audit Committee has received the Director of Internal Audit's annual report and has conducted a review of the effectiveness of the system of internal control. Regular reports on control issues are presented to, and discussed

with, the MAHL Audit Committee, and there is a process in place to ensure audit recommendations are fully implemented by senior executive management. All recommendations made in the prior financial year have been implemented, together with 99% of those made in this financial year that are currently actionable. The MAGIL Board, having considered the MAHL Audit Committee's review, is able to confirm that no significant failings or weaknesses have been identified in the system of internal control.

RISK MANAGEMENT

The management of risks rests ultimately with the MAGIL Board, notwithstanding that the MAHL Audit Committee performs a significant role, relative to risk oversight. The most significant strategic, corporate and operational risks and uncertainties identified during the year, and the prevailing approach to management of these, appear on pages 42 and 43 of the annual report and accounts of Manchester Airports Holdings Limited.

The Risk and Internal Audit Department, covering Risk Management, Internal Audit and Security Assurance, reports directly to the Company Secretary, who habitually attends every MAHL Audit Committee meeting. Risk Registers are managed by individual risk owners, are updated on a regular basis, and are discussed regularly between risk owners, their teams and the Risk Team. The holding of regular business risk workshops at a divisional level, and formal biannual review of the Group's strategic risk register by the executive directors, support this process.

The MAGIL Board can confirm that it, and the MAHL Audit Committee, regularly review the process for the identification, evaluation and management of the strategic and significant corporate risks faced by the MAGIL Group. In the judgement of the MAGIL Board, progressively enhanced risk management procedures have continued to promote greater business-wide awareness of the potential sources and mitigants of risk within the MAGIL Group.



for the year ended 31 March 2019 and additional disclosures

The directors present their annual report on the affairs of Manchester Airports Group Investments Limited ('the Company') together with the audited financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the 'Group') during the year were the ownership, operation and development of airport facilities in the UK. The Group's revenues were derived from aircraft and passenger handling charges, airport-based commercial and retail activities, and property.

DIVIDENDS AND TRANSFERS TO RESERVES

The retained profit for the year of £194.1m (2018: loss of £457.9m) after dividends paid of £nil (2018: £619.1m) will be transferred to

THE BOARD OF DIRECTORS

At 31 March 2019, the Board comprised:

Charlie Cornish Neil Thompson

The directors of the Company, who held office during the year, had no interest in the shares of any of the companies comprising the Group at any time during the year.

CONFLICTS OF INTEREST

The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they should notify the Board in writing as soon as reasonably practicable. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

INDEMNITY AND INSURANCE

The Company's Articles of Association provide that, to the extent permitted by the Companies Acts, the Company may indemnify any director or former director, of the Company or of any associated companies, against any liability. Directors' and Officers' insurance has been established to provide cover for all Directors against their reasonable actions on behalf of the Company.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director at the date of approval of this report confirms that:

(a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have taken all 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.

This confirmation is given, and is to be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

RISK MANAGEMENT

The most significant strategic, corporate and operational risks and uncertainties, and the prevailing approach to their management, are detailed on pages 42 and 43 of the Manchester Airports Holdings Limited (MAHL) annual report and accounts.

GOING CONCERN

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 financial statements, and having assessed the principal risks and the other matters discussed in connection with the viability statement set out below, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Further details can be found in the accounting policies on pages 30 to 36.

VIABILITY STATEMENT

In accordance with the 2016 revision of the UK Corporate Governance Code, the directors have assessed the viability of the Group over a three-year period. This has been assessed from a Parent company perspective. Details can be found in the Viability statement in the Manchester Airports Holdings Limited (MAHL) accounts on page 71.

EMPLOYEES

Employment policies

The Group's employment policies are regularly reviewed, refreshed where applicable and updated in agreement with the Board. The Group is committed to treating all employees and job applicants fairly and on merit, regardless of age, disability, gender and gender reassignment, marital and civil partnership status, pregnancy and maternity, race, religion or belief, and sexual orientation. The Group does not tolerate harassment or discrimination of any kind. If an employee becomes disabled, every effort is made to retain them in their current role or provide retraining or redeployment within the Group.

Apprentices and the National Living Wage

MAGIL remains fully supportive of apprenticeships. It increased its intake during the year ended 31 March 2019 and is currently in the recruitment cycle for the 2020 financial year, with a view to enhancing talent pool diversity. The new and compulsory National Living Wage for workers aged 25 and over became effective on 1 April 2016. MAGIL is committed to paying all of its employees above the prescribed level.

Consultation and communication

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account

when decisions are being made that may affect their interests. As part of the Trade Union recognition arrangements, various employee forums exist for each business area, and more information on consultation is provided in the annual CSR report.

In addition, there are regular briefings in relation to key business and operational developments. These are cascaded throughout the organisation via weekly newsletters, face-to-face events and online forums. MAGIL also relaunched it's colleague magazine "Take Off" which celebrates the work of individuals and teams across all airport and business areas

This year also saw the continued success of AIM (All Ideas Matter), MAGIL's idea scheme which gives all colleagues the opportunity to share ideas for innovation and business improvement. Thousands of ideas were generated across all of our airports, which were reviewed by a panel with the best being taken forward for implementation.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Group's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code, copies are available from the CBI, Cannon Place, 178 Cannon Street, London, EC4N 6HN. For other suppliers the Group's policy is to:

- · settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and other legal obligations. These payment practices apply to all payments to creditors for revenue and capital supplies of goods and services without exception. The period of credit taken by the Group at 31 March 2019 was 58 days (2018: 62 days has been recalculated to reflect a consistent basis of calculation with the biannual prompt payment submission to Companies House), reflecting the average number of days between receipt of the invoice and its subsequent payment.

MODERN SLAVERY ACT 2015

Our principal reference point for slavery and human trafficking are the definitions set out in the Modern Slavery Act 2015. We recognise that slavery and human trafficking can occur in many forms such as forced labour, child labour, domestic servitude, sex trafficking and workplace abuse. We are also aware that forced labour as a form of slavery includes debt bondage and the restriction of a person's freedom of movement whether that be physical or non-physical, for example, by the withholding of a worker's identity papers. We use the terms 'slavery' and 'human trafficking' to encompass all of these various forms of coerced labour.

We are committed to maintaining, and continuously improving, our practices to combat slavery and human trafficking. We are totally opposed to such abuses in our direct operations, our indirect operations and our supply chain as a whole, and understand that we have a responsibility to be alert to these risks in our business. All employees are expected to report concerns and management are expected to act upon them.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations made by the Group during the year totalled £1.0m (2018: £1.0m). The donations were all made to recognised local and national charities for a variety of purposes. It is the Group's policy not to make contributions to political parties.

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 period prescribed by statute).

Neil Thompson

Chief Financial Officer, MAGIL For and on behalf of the Board of Directors of the Company 4.luly 2019

Neil Monpon

Statement of directors' responsibilities In respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group, liquidate the parent Company or to cease operations, or have no realistic alternative but to do so.

Under section 454 of the Companies Act 2006 the directors have the authority to revise the financial statements if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. These require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.





Independent Auditor's Report to the Members of Manchester Airports Group Investments Limited

OPINION

We have audited the Group financial statements and revised parent Company financial statements of Manchester Airport Group Investments Limited ("the Company") for the year ended 31 March 2019 which comprise the Group Statement of Financial Position and Parent Company Balance Sheet, the Group Statement of Comprehensive Income, the Group Statement of Cash Flows, the Group and Parent Company's Statements of Changes in Equity, and related notes, including the accounting policies.

In our opinion:

- the Group financial statements give a true and fair view, seen as
 at the date the original financial statements were approved, of the
 state of the Group's affairs as at 31 March 2019 and of its profit
 for the year then ended;
- the revised parent Company financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the parent Company's affairs as at 31 March 2019;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union, seen as at the date the original financial statements were approved;
- the revised parent Company financial statements 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 seen as at the date the original financial statements were approved;
- the Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006;
- the revised parent Company financial statements have been prepared in accordance with the Companies Act 2006 as it has effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 ("the Regulations"); and
- the original parent Company financial statements for the year ended 31 March 2019 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the accounting policies of the revised parent Company financial statements.

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 Group 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.

EMPHASIS OF MATTER – REVISION OF PARENT COMPANY FINANCIAL STATEMENTS

We draw attention to the disclosures made in the revision by replacement section of the accounting policies of the revised parent Company financial statements concerning their revision for the receipt of a dividend from a subsidiary undertaking immediately prior to the year end, and a prior period adjustment to correct an impairment in the carrying value of the cost of investment in that same subsidiary to occur in the current rather than in the prior year to correctly reflect when the dividend was received. Neither of these were included in the original parent Company financial statements. The revised parent Company financial statements replace the original parent Company financial statements approved by the directors on 4 July 2019. They have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly neither they nor the Group financial statements take account of events which have taken place after the date on which the original financial statements were approved on 4 July 2019. Our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report. Our opinion is not modified in respect of this matter.

THE IMPACT OF UNCERTAINTIES DUE TO THE UK EXITING THE EUROPEAN UNION ON OUR AUDIT

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the revised financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as fair value of investment property, valuation of the Group's liability for pension obligations, impairment of assets, recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the revised financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the original financial statements ("the going concern period").

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 a year from the date of approval of the original financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

STRATEGIC REPORT AND GOVERNANCE REPORT

The directors are responsible for the strategic report and the governance 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 governance report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the revised financial statements or our audit knowledge.

Based solely on that work:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

As a result of the circumstances referred to in the emphasis of matter above, in our opinion adequate accounting records have not been kept by the parent Company in this regard.

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the revised parent Company 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 24, the directors are responsible for: the preparation of the revised 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 revised financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 Group or the parent 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 revised 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/auditorsresponsibilities.

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 and as required by paragraph 7 of the Regulations. 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 (Senior Statutory Auditor)

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

2 October 2019

GENERAL INFORMATION

Manchester Airports Group Investments Limited (the 'Company') is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Olympic House, Manchester Airport, Manchester, M90 1QX.

The principal activities of the Group are set out within the Directors' Report. These consolidated financial statements were approved for issue by the Board of Directors on 30 September 2019.

BASIS OF PREPARATION

These consolidated financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and with those parts of the Companies Act applicable to companies reporting under adopted IFRS. The historical cost convention is applicable to these financial statements with the exception of investment properties, financial instruments, assets held for sale and employee benefit scheme assets and obligations, which are fair valued at each reporting date.

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently to the periods presented unless otherwise stated.

The preparation of these financial statements in accordance with prevailing accounting practice requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The assumptions and estimates are based on management's best knowledge of the event or actions in question, however actual results may ultimately differ from these estimates. The accounting policies that the Group has adopted to determine the amounts relating to material items shown in the statement of financial position, and also to determine the profit or loss, are shown below. Unless stated otherwise, these have been applied on a consistent basis.

GOING CONCERN

At the year ended 31 March 2019, the Group had £1,595.0m (2018: £1,595.0m) of committed facilities and a net debt position of £1,207.3m (2018: £1,084.7m). The Group had financial headroom in excess of £387m at the year-end, a level comfortably in excess of the internal compliance target.

After the year end the Group issued £350m of Bonds at a coupon rate of 2.875% with a maturity date of September 2044 adding to the existing facilities in place. These facilities will provide strong support over the next few years for the Group's profit and investment activities,

including the Manchester and London Stansted Airport Transformation Programmes, ensuring sufficient headroom throughout the business plan period to ensure compliance with the Group's internal treasury policy.

The Group is subject to two historical financial covenants: Net Debt / EBITDA and EBITDA less tax paid / Net Finance Charges. The covenants are tested half yearly on 31 March and 30 September. As at 31 March 2019 the Group had complied with both of the covenants and as a result of the Group's prudent financial policy there is significant covenant headroom. The financial covenants are not impacted by the shareholder loans issued during the period.

The current economic conditions create uncertainty, particularly over passenger numbers, which has a direct impact on income. The Group has demonstrated its ability to grow operating profits together with the ability to manage its investment programme according to affordability and business performance.

The directors 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 new facilities for the forseeable future. After making enquiries, the directors therefore 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.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO **EXISTING STANDARDS**

The following new accounting standards, amendment to standards and interpretations both have an effective date of 1 January 2018 but the group decided to adopt both stands early in last year's financial statements with an initial application date of 1 April 2017:

• IFRS 9, 'Financial Instruments' - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition

The adoption of this standards and interpretations hasn't had any material effect on the Group's results or net assets for the year ended 31 March 2019.

The Group's treatment of its Financial Instruments is detailed under the Financial Instruments section.

• Adoption of IFRS 15 'Revenue from Contracts with Customers' IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are

within the scope of other standards, such as IAS 17 'Leases'. The Group decided to adopt this standard early using the full retrospective method.

The standard outlines the principles entities must apply to measure and recognise revenue. The core principle being that entities should recognise revenue at an amount consideration to which the entity expects to be entitled in exchange that reflects the for fulfilling its performance obligations.

The principles in IFRS 15 must be applied using the following five step

- 1. Identify the contract(s) with a customer.
- 2. Identify the performance obligations in the contract.
- 3. Determine the transaction price.
- 4. Allocate the transaction price to the performance obligations in the
- 5. Recognise revenue when or as the entity satisfies its performance obligations.

The standard requires entities to exercise considerable judgement, taking into account all the relevant facts and circumstances when applying each step of this model to its contracts with customers. The standard also specifies how to account for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, as well as requirements covering matters such as licences of intellectual property, warranties, principal versus agent assessment and options to acquire additional goods or services.

Details of how the business applies IFRS 15 to its accounting treatments are detailed in the Revenue Section.

NEW AND REVISED STANDARDS AND INTERPRETATIONS NOT

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning on or after 1 January 2019.

Effective for the year ending 31 March 2020

• IFRS 16, 'Leases'.

IFRS 16 is effective for all accounting periods beginning on or after $1\,$ January 2019. For the Group the first reported accounting period under IFRS 16 will be the year ending 31 March 2020. On the adoption of IFRS 16, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. The right of use asset will be depreciated on a straight-line basis over the life of the lease. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expense recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However, IFRS 16 will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

In preparation for the adoption of IFRS 16, in the financial statements ending 31 March 2020, management are in the process of fully quantifying the impact due to the change in definition of leases. The minimum lease commitment of these at the financial year end is £439.9m (see Note 32).

Transition

The Group has decided to adopt the modified retrospective transition approach and will not restate comparative amounts. The Group as elected to measure the right-of-use asset at the lease liability on doption and apply the recognition exemption for both short term and low-value

The Group is taking all necessary steps to comply with the requirements of IFRS 16. Significant work has been completed, including collection of relevant data and the determination of relevant accounting policies. The weighted average discount rate, based on incremental borrowing rates, across the Group lease portfolio was 4.94%. The discount rate for each lease is dependent on lease start date and term.

Impact to Financial Statement

Restating the 2018/19 financial statements upon transition, the Group currently estimates that it will recognise an opening right of use assets and lease liabilities in the order of £434.0m with no impact upon the net assets or on deferred tax.

The Group expects the income statement will reflect an increase to EBITDA for the year ending March 2020 of circa £13.8m. Operating profit is expected to increase by circa £5.6m as the new depreciation charge will be lower than the current operating lease payments. However, finance charges are expected to increase by circa £21.5m with an overall decrease in profit before tax of circa £15.8m.

We do not expect the adoption of IFRS 16 to have a material impact on the Group's effective tax rate. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly, with an increase in net cash inflows from operating activities being offset by an increase in net cash outflows from financing activities (interest paid).

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Accounting policies continued

BASIS OF CONSOLIDATION

These consolidated financial statements include the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position, and statement of cash flows of the company and all of its subsidiaries.

Subsidiaries are entities controlled directly or indirectly by the Company. Control exists when the Company has the power (directly or indirectly) to direct relevant activities of an entity so as to obtain benefits from its activities

Subsidiaries have been consolidated from the date that control commences until the date that control ceases.

REVENUE

The Group operates a number of Revenue streams and accordingly applies methods for revenue recognition, based on the principles set out in IFRS 15. The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

The following revenue recognition criteria apply to the Group's main income streams.

Aviation income:

- Various passenger charges for handling and security based upon the number of departing passengers, are recognised at point of
- Aircraft departure and arrival charges levied according to weight and time of departure/arrival, are recognised at point of departure/ arrival.
- Aircraft parking charges based upon a combination of weight and time parked, are recognised at point of departure. The contracts entered into are short-term pricing arrangements, which are complex in nature given the breadth of discounts and rebates that the Group offers. Judgement is applied to assess the impact any contract amendments have when determining the appropriate contract term.

Retail concession income:

- Concession income from retail and commercial concessionaires is recognised in the period to which it relates on an accruals basis.
- The contracts entered into are long-term income-sharing concession agreements, with the concession fee based on turnover.
- Income from airport lounges is recognised at the point of useage.

Car park income:

- Car parking income is recognised at the point of exit for turn-up short and long-stay parking.
- Contract parking and pre-book parking is recognised over the period to which it relates on a straight-line basis. The Group considers the performance obligation is satisfied through the provision of a car park space for each day the car is parked.
- Where car parking is booked through a third party, income and related commissions are accounted for on a gross basis as the Group is acting as a principal, rather than an agent, through its control of the pricing and availability of car park spaces.

Property income:

• Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term. The contracts entered into are long-term lease agreements. Revenue is disaggregated at the income stream level, and all segments generate revenue from all of the Group's income streams, with the exception of MAG Property, which generates only property income, and the Group, consolidation and other segment, which does not earn aviation income.

All revenue from the Group's income streams is generated in the UK. At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of certain performance measures. In determining the amount of revenue and profits to record, and related balance sheet items (such as trade receivables, accrued income and deferred income) to recognise in the period, management are required to form a number of judgements and assumptions.

The Group's customer contracts include a diverse range of payment schedules dependent on the nature and type of services being provided. The Group agrees payment schedules at the beginning of contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance. Where payments made are greater than the revenue recognised at the period end date, the Group recognises a deferred income liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Group recognises an accrued income asset for this difference. All performance obligations are satisfied within the financial year and there are no judgements or assumptions required to estimate transaction price or allocate revenue to performance obligations

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, i.e. when the Group assumes control. Control exists when the Group has the power to direct relevant activities of an entity so as obtain benefits from its activities. For acquisitions completed before 1 April 2010, attributable costs of the acquisition formed part of goodwill. For acquisitions completed on or after 1 April 2010, attributable costs of acquisition are expensed in the income statement in the period incurred.

Goodwill arising on acquisitions represents the difference between the fair value of the consideration given over the fair value of the assets, liabilities and contingent liabilities of an acquired entity. Positive goodwill is capitalised as an asset in the consolidated statement of financial position and is subject to annual impairment reviews, or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately in the Group's consolidated income statement and is not subsequently reversed.

OTHER INTANGIBLE ASSETS

Intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific assets to which it relates. Amortisation is based on the costs of an asset less its residual value. Amortisation commences when the related asset is brought into use. The useful economic lives of the Group's intangible assets are detailed below:

Years Metrolink 20

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful economic life of the specific asset to which it relates, from the date that it is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. If there are indications of impairment in the carrying value then the recoverable amount is estimated and compared to the carrying amount.

PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment constitute the Group's operational asset base, and includes terminal, airfield, car parking, land, plant, and owner-occupied property assets. Investment properties held to earn rentals or for capital growth are accounted for separately under IAS $40\,$ 'Investment properties'.

The Group has elected to use the cost model under IAS 16 'Property, plant and equipment', as modified by the transitional exemption to account for assets at deemed cost that were revalued previously under UK GAAP. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently, property, plant and equipment is stated at cost or deemed cost, less accumulated depreciation. Cost includes directly attributable own labour.

The Group does not capitalise borrowing costs into the cost of property, plant and equipment, unless the criteria under IAS 23 are met. Depreciation is provided to write off the cost of an asset on a straightline basis over the expected useful economic life of the relevant asset. Expected useful lives are set out below:

	Years
Freehold and long leasehold property	10 - 50
Runways, taxiways and apron	5 – 75
Mains services	7 - 100
Plant and machinery	5 – 30
Motor vehicles	3 – 7
Fixtures, fittings, tools and equipment	5 – 10

Useful economic lives are reviewed on an annual basis, to ensure they are still relevant and appropriate. No depreciation is provided on land. Repairs and maintenance costs are written off as incurred.

Assets under construction, which principally relate to airport infrastructure, are not depreciated until such time as they are available for use. If there are indications of impairment in the carrying value, then the recoverable amount is estimated and compared to the carrying amount. The recoverable amount is determined as the value that will ultimately be capitalised as an asset, based upon IAS 16 recognition and capitalisation criteria.

INVESTMENT PROPERTIES

The Group accounts for investment properties in accordance with IAS 40 'Investment properties'. An investment property is one held to either earn rental income or for capital growth. The Group has elected to use the fair value model, and therefore investment properties are initially recognised at cost and then revalued to fair value at the reporting date by an independent property valuer.

Investment properties are not depreciated. Gains or losses in the fair value of investment properties are recognised in the statement for the period in which they arise. Gains or losses on the disposal of an investment property are recognised in the income statement on completion.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

IMPAIRMENT

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset, or cash-generating unit, exceeds its recoverable

Accounting policies continued

LEASES

Leases are classified according to the substance of the agreement. Where substantially all the risks and rewards of ownership are transferred to the Group, a lease is classified as a finance lease. All other leases are classified as operating leases. Costs relating to operating leases are charged on a straight-line basis to the income statement over the lease term. Any benefits received by the Group as an incentive to sign the lease are spread on a straight-line basis over the lease term. Finance leased assets are capitalised in property, plant and equipment at the lower of fair value and the present value of minimum lease payments, and depreciated over the shorter of the lease term and the estimated useful life of the asset.

Obligations under finance leases are included within payables, with minimum lease payments being apportioned between the finance charge and the reduction in the outstanding liability. The finance charge is allocated to each period during the term of the lease so as to produce a constant periodic rate of interest on the remaining statement of financial position liability.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

GRANTS

Revenue grants are recognised in the income statement during the periods to which they relate.

Grants received and receivable relating to property, plant and equipment are shown as a deferred credit in current and non-current liabilities on the statement of financial position. An annual transfer to the income statement is made on a straight-line basis over the expected useful life of the asset for which the grant was received.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised at fair value, and subsequently less any provision for impairment.

Trade and other receivables are appraised throughout the year to assess the need for any provision for impairment. Specific provision for impairment has been determined by identifying all external debts where it is more probable than not that they will not be recovered in full, and a corresponding amount is charged against operating profit. Trade receivables are stated net of any such provision. With regard to other receivables, specific provision for impairment would be recognised upon the carrying value of such receivables being higher than their recoverable amount. In addition to specific provisions the Group also recognises a general reserve to reflect the estimated credit loss.

FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Financial instruments are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Profit or Loss (FVPL) or Fair Value through Other Comprehensive Income (FVOCI).

The Group's treatment of financial assets and liabilities:

- Trade receivables are recognised initially at their transaction price. An with a loss allowance provided based upon the estimated
- All Financial Liabilities (Corporate Bonds, Bank Loans and Overdrafts and Trade and Other Payables) within the scope of IFRS 9 are recognised at amortised cost.

The implementation of IFRS 9 has not had a material impact upon the net assets of the Group. All Financial Instruments continue with their previous treatment of amortised cost. Resulting from the implementation of the standard the Group recognised a general reserve for its Trade Receivables balances and discounted for longer-term receivable

CONTINGENT ASSETS

Contingent assets are primarily insurance related, which is used to mitigate any losses caused by claims against the company. Contingent assets are only recognised when they are virtually certain and are presented in other debtors, separate from the associated provision amount. However, they are presented net in the profit and loss account.

ASSETS HELD FOR SALE

The Group accounts for assets held for sale when the active marketing of the asset has commenced and has met all o fthe held-for-sale criteria as set out in IFRS 5. The Group recognise assets held for sale in the accounts at fair value

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank deposits and short-term deposits net of bank overdrafts, which have an original maturity of three

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings 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 income statement over the period of the borrowings using the effective interest method.

BORROWING COSTS

The Group does not capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying assets into the cost of property, plant and equipment, unless the criteria under IAS 23 are met. Where the criteria is met, borrowing costs are calculated by applying an average interest rate in the period to the expenditure incurred on qualifying assets.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised at fair value.

PROVISIONS

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

TAXATION

The tax expense for the year comprises current and deferred tax. The charge for taxation is based on the profit for the year and takes into account deferred tax due to temporary differences between the tax bases of assets and liabilities, and the accounting bases of assets and liabilities in the financial statements. The principal constituent of the deferred tax liability in the Group financial statements are temporary differences on property, plant and equipment, where the carrying value in the financial statements is in excess of the tax base due to accelerated capital allowances and the previous effects of revaluations under UK GAAP.

Deferred tax assets are recognised to the extent that it is regarded as probable that the temporary difference can be utilised against taxable profit in the future. Current tax and deferred tax, relating to items

recognised directly in equity, are also recognised directly in equity. Deferred tax is based on the tax laws and rates that have been enacted at the statement of financial position date and which are expected to apply when the relevant deferred tax item is realised or settled. Current tax has been calculated at the rate of 19% applicable to accounting periods ending 31 March 2019 (2018: 19%).

EMPLOYEE BENEFIT COSTS

The Group participates in four defined benefit schemes, which are contracted out of the state scheme, as well as two defined contribution schemes. The costs of defined contribution schemes are charged to the income statement in the year in which they are incurred. Defined benefit schemes are accounted for as an asset or liability on the statement of financial position. The asset or liability reflects the present value of defined benefit obligations, less the fair value of plan assets. The amount reported in the income statement for employee benefit costs includes past service costs, current service costs, interest costs and return on assets income. Past service costs are charged to the income statement immediately, and current service costs are charged to the income statement for the period to which they relate.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included as an employee benefit expense in the income statement

Actuarial gains and losses are recognised in the statement of comprehensive income in the period in which they arise. The defined benefit asset or liability, together with the current and past service costs, are calculated at the reporting date by an independent actuary using the projected unit credit method.

Under IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', surpluses on pension schemes are not recognised unless there is an unconditional right to recover or realise them at some point during the life of the plan. The unconditional right would not exist when the availability of the refund or the reduction in future contribution would be contingent upon factors beyond the entity's control (for example, approval by third parties such as plan trustees). To the extent that the right is contingent, no asset would be recognised.

SIGNIFICANT ITEMS

Significant items are material items of income and expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's underlying financial performance. Such items include impairment of assets, major reorganisation of businesses and integration costs associated with significant acquisitions. They also include the costs associated with the close out of previous financing arrangements upon refinancing.

DIVIDENDS

A dividend to the Company's shareholders is recognised as a liability in the consolidated financial statements during the period in which the right to receive a payment is established via the declaration of a dividend approved by the Company's Board of Directors, or, as the case may be, voting shareholders.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, the Group has made estimates and judgements concerning the future. Actual results may, however, differ from the estimates calculated, and management believe that the investment properties, pensions and goodwill categories contain the more significant judgements impacting these financial statements.

INVESTMENT PROPERTIES

Investment properties were valued at fair value at 31 March 2019 by Savills, Strutt and Parker and Wright Marshall. The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence of transaction prices for similar properties, land valuations and discounted cash flow methods.

PENSIONS

Certain assumptions have been adopted for factors that determine the valuation of the Group's liability for pension obligations at year end, future returns on pension scheme assets and charges to the income

statement. The factors have been determined in consultation with the Group's independent actuary taking into account market and economic conditions.

Changes in assumptions can vary from year to year as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group's liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. The impact of the change in assumptions on the valuation of the net financial position for pension schemes is reflected in the statement of recognised gains and losses. Further details are available in Note 26.

GOODWILL

Judgements have been made in respect of the amounts of future operating cash flows to be generated by certain of the Group's businesses, in order to assess whether there has been any impairment of the amounts included in the statement of financial position for goodwill or intangible assets with an indefinite life in relation to those businesses.



Consolidated income statement

for the year ended 31 March 2019

	Note	2019 £m Total before significant items	2019 £m Significant items	2019 £m Total after significant items	2018 £m Total before significant items	2018 £m Significant items	2018 £m Total after significant items
Continuing operations Revenue	1	879.1	_	879.1	814.3	_	814.3
Result from operations before significant items	4	229.4	_	229.4	217.1	_	217.1
Significant items	3	_	(10.9)	(10.9)		(8.6)	(8.6)
Result from operations		229.4	(10.9)	218.5	217.1	(8.6)	208.5
Gains and losses on sales and valuation of investment properties Finance income Finance costs	15 7 8	45.8 14.0 (33.6)	- - -	45.8 14.0 (33.6)	14.5 8.8 (37.2)	- - -	14.5 8.8 (37.2)
Result before taxation		255.6	(10.9)	244.7	203.2	(8.6)	194.6
Taxation	10	(51.3)	2.1	(49.2)	(40.3)	1.6	(38.7)
Result from continuing operations		204.3	(8.8)	195.5	162.9	(7.0)	155.9
Discontinued operation Result from discontinued operation (net of tax)	11	-	(4.3)	(4.3)	1.3	(14.1)	(12.8)
Result for the year		204.3	(13.1)	191.2	164.2	(21.1)	143.1
Earnings per share expressed in £ per share Continuing operations Discontinued operation	13 13			1.49 (0.03)			519.67 (42.67)

The accompanying notes form an integral part of the financial statements.

Consolidated statement of comprehensive income for the year ended 31 March 2019

2019	2018
£m	£m
191.2	143.1
3.5 (0.6)	21.8 (3.7)
2.9	18.1
194.1	161.2
	£m 191.2 3.5 (0.6) 2.9

Consolidated statement of changes in equity for the year ended 31 March 2019

		Attr	of the Compo	any		
	Note	Share capital £m	Share premium £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 April 2018		0.3	2,493.9	(1,249.6)	582.1	1,826.7
Total comprehensive income for the year						
Issue of shares	29	175.0	175.0	_	_	350.0
Result for the year		_	-	_	191.2	191.2
Remeasurement of retirement benefit liabilities, net of tax	10,26	-	-	-	2.9	2.9
		175.0	175.0	_	194.1	544.1
Transactions with owners recorded directly in equity						
Dividends paid to equity holders	12	-	-	-	-	-
Balance at 31 March 2019		175.3	2 668 9	(1 249 6)	776.2	2 370 8

Consolidated statement of changes in equity for the year ended 31 March 2018

Tor me year chaca or march 2010		Attributable to equity holders of the Company					
	Note	Share capital £m	Share premium £m	Other Reserves £m	Reserves £m	Total £m	
Balance at 1 April 2017		0.3	2,493.9	(1,249.6)	1,040.0	2,284.6	
Total comprehensive income for the year							
Result for the year		_	_	_	143.1	143.1	
Remeasurement of retirement benefit liabilities, net of tax	10,26	-	-	-	18.1	18.1	
					161.2	161.2	
Transactions with owners recorded directly in equity							
Dividends paid to equity holders	12	-	-	-	(619.1)	(619.1)	
Balance at 31 March 2018		0.3	2,493.9	(1,249.6)	582.1	1,826.7	

The accompanying notes form an integral part of the financial statements.

Consolidated statement of financial position as at 31 March 2019

	2019	2018
No	te £m	£m
ASSETS		
Non-current assets		
Goodwill	7 166.3	166.3
Property, plant and equipment	4 2,950.3	2,517.6
Investment properties	5 52.6	526.1
Intangible assets	39.5	42.0
Deferred tax assets	27 14.2	14.8
	3,722.9	3,266.8
CURRENT ASSETS		
Assets held for sale	16 2.6	-
Inventories	3.5	2.5
Trade and other receivables	128.0	147.6
Cash and cash equivalents	20 23.4	10.6
Amounts owed by group undertakings	1,352.2	745.8
	1,509.7	906.5
LIABILITIES		
Current liabilities		
Trade and other payables	25 (239.5)	(218.7)
Deferred income	(25.8)	(24.8)
Current tax liabilities	(64.7)	(69.3)
Amounts owed to group undertakings	(975.0)	(619.1)
	(1,305.0)	(931.9)
NET CURRENT ASSETS/(LIABILITIES)	204.7	(25.4)
Non-current liabilities		
Borrowings 21-2	24 (1,230.7)	(1,095.3)
Retirement benefit liabilities	26 (83.9)	(87.3)
Deferred tax liabilities	(223.1)	(220.2)
Other non-current liabilities	28 (19.1)	(11.9)
	(1,556.8)	(1,414.7)
NET ASSETS	2,370.8	1,826.7
Shareholders' equity		
	175.3	0.3
	29 2,668.9	2,493.9
	(1,249.6)	(1,249.6)
Retained earnings	776.2	582.1
TOTAL EQUITY	2,370.8	1,826.7

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 30 to 70 were approved by the Board of Directors on 30 September 2019 and signed on its behalf by:

Neil Thompson

Chief Financial Officer For and on behalf of the Board of Directors 30 September 2019

Consolidated statement of cash flows

	Note	2019 £m Before significant items	2019 £m Significant items	2019 £m After significant items	2018 £m Before significant items ¹	2018 £m Significant items ¹	2018 £m After significant items ¹
Cash flows from operating activities							
Result before taxation – continuing operations		255.6	(10.9)	244.7	203.2	(8.6)	194.6
Gains and losses on sales and valuations of investment properties		(45.8)	-	(45.8)	(14.5)	-	(14.5)
Net finance income and expense		19.6	-	19.6	28.4	_	28.4
Depreciation and amortisation		152.4	-	152.4	142.9	-	142.9
Profit on sale of property, plant and equipment Increase in trade and other receivables and inventories		(1.8) 15.3	_	(1.8) 15.3	(37.0)	_	(37.0)
					' '	_	
Increase in amounts owed by group companies		(5.2)	-	(5.2)	-	-	
Increase in trade and other payables		14.2 5.9	1.3	15.5 5.9	56.2 5.7	_	56.2 5.7
Increase in amounts owed to group companies Release of grants		6.4	_	6.4	0.4	_	0.4
Increase in retirement benefits provision		0.4	_	0.4	4.5	_	4.5
Cash generated from continuing operations		416.7	(9.6)	407.1	389.8	(8.6)	381.2
Result before taxation – discontinued operation			(****)	(4.3)		(/	1.9
Depreciation and amortisation – discontinued operation				-			1.0
Movement in working capital from discontinued operation				4.3			(0.2)
Interest paid				(49.8)			(46.4)
Interest received				-			8.8
Tax paid				(50.4)			(36.7)
Net cash from operating activities				306.9			309.6
Cash flows from investing activities							
Purchase of property, plant and equipment				(557.3)			(364.7)
Proceeds (net of selling costs) from sale of property, plant,							
equipment and investment properties				15.3			43.8
Contributions to other group companies				(13.9)			(3.2)
Proceeds from sale of discontinued operation				-			44.9
Cash outflow from discontinued operation							(0.1)
Net cash used in investing activities				(555.9)			(279.3)
Cash flows from financing activities							
Decrease/(Increase) in bank loan borrowings, net of debt issue	21			135.1			(124.0)
costs	21			135.1			(136.9) 295.1
Bond issued in the year, net of issue costs Shareholder loan funds	29			350.0			293.1
	29						- (1.40.0)
Dividends paid to shareholders of the parent				(174.7)			(149.2)
Shareholder loan interest paid on behalf of the parent				(48.6)			(30.3)
Net cash used in financing activities				261.8			(21.3)
Net increase in cash and cash equivalents	34			12.8			9.0
Cash and cash equivalents at beginning of the year				10.6			1.6
Cash and cash equivalents at end of the year				23.4			10.6

The accompanying notes form an integral part of the financial statements.

A similar exercise has been carried out for the 2017 cash generated from operations, which appears on the financial highlights section on page 3. This has resulted in an increase from £149.8m to £316.7m.

¹ During the year, management reviewed the movement in Inter-Group balances and concluded that where the movement is due to underlying transactions which are financing or investing activities then the cashflow more accurately reflects the business by showing those as financing or investing cashflows as opposed to operating cashflows. For comparability, we have reallocated the prior year intercompany transactions in the same way. The effect of this reallocation is an increase in the prior year cash generated from operations from £198.5m to £381.1m, a decrease in net cash from investing activities outflow from (£276.1m) to (£279.3m), and a decrease in net cash from financing activities from £158.2m to (£21.3m). The overall net cash flow is unchanged.

Notes to the financial statements

for the year ended 31 March 2019

1. REVENUE

An analysis of the Group's revenue is as follows:

	2019 Continuing operations £m	2019 Discontinued operations £m	2018 Continuing operations £m	2018 Discontinued operations £m
Aviation income	354.5	-	332.7	2.3
Commercial income				
Retail concessions	191.1	_	177.7	0.7
Car parking	217.9	_	187.1	2.0
Property and property related income	46.2	-	44.4	3.0
Other	69.4	-	72.4	2.3
Total commercial income	524.6	-	481.6	8.0
Total income	879.1	-	814.3	10.3

Aviation income includes passenger facility charges, runway charges, passenger security charges and aircraft parking charges, all of which are recognised at the point of departure.

Retail concessions includes duty free income, food and beverage income and airport lounge income.

Other income includes utility cost recharges, fees for airline services and aviation fuel sales.

Revenue from all income streams is recognised in line with IFRS 15.

As at 31 March 2019 there were no performance obligations that were unsatisfied.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

YEAR ENDED 31 MARCH 2019

	Manchester Airport £m	London Stansted Airport £m	East Midlands Airport £m	MAG Property £m	Group, consolidation and other ³ £m	Consolidated – continuing operations £m	Bournemouth Airport ⁵ Discontinued operation £m
Revenue Gross sales Inter-segment sales ⁴	425.7	359.3	68.9	28.3 (4.0)	0.9	883.1 (4.0)	-
Total external sales	425.7	359.3	68.9	24.3	0.9	879.1	-
Result Segment operating profit/(loss) before significant items Significant items	111. <i>7</i> (2.9)	104.1 (0.1)	11.8 (0.2)	18.3 (1.6)	(16.5) (6.1)		-
Segment operating profit/(loss) after significant items	108.8	104.0	11.6	16.7	(22.6)	218.5	-
Gains and losses on sales and valuation of investment properties Finance income Finance costs Result before taxation						45.8 14.0 (33.6)	- - -
Other information						244.7	-
Segment assets	2,483.6	938.2	241.5	(note 1)	1,569.3	5,232.6	-
Segment liabilities	(853.1)	83.2	25.4	(note 1)	(2,117.3)	(2,861.8)	-
Capital expenditure	401.5	151.1	13.4	(note 1)	13.2	579.2	-
Depreciation	75.8	62.3	11.6	(note 1)	0.2	149.9	-
Amortisation	2.5	-	-	(note 1)	-	2.5	-
Taxation	3.7	24.4	4.9	(note 1)	16.2	49.2	-
Result – geographical location ² Segment operating profit/(loss) before significant items	130.0	104.1	11.8	(note 2)	(16.5)	229.4	-

for the period ended 31 March 2019

2. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

YEAR ENDED 31 MARCH 2018

	Manchester Airport £m	London Stansted Airport £m	East Midlands Airport £m	MAG Property £m	Group, consolidation and other ³ £m	Consolidated £m	Bournemouth Airport ⁵ Discontinued operation £m
Revenue							
External sales	391.5 (2.0)	330.4	66.8	27.0	(1.4)		10.3
Inter-segment sales ⁴	· '			(1.3)		-	
Total revenue	389.5	330.4	66.8	25.7	1.9	814.3	10.3
Result Segment operating profit/(loss) before significant items Significant items	110.1 (3.7)	91.1	13.1	14.6	(11.8) (4.9)		1.9 (14.1)
Segment operating profit/(loss) after significant items	106.4	91.1	13.1	14.6	(16.7)	208.5	(12.2)
Gains and losses on sales and valuation of investment properties Finance income Finance costs						14.5 8.8 (37.3)	- - -
Result before taxation						194.6	(12.2)
Other information Segment assets	2,152.2	842.5	239.0	(Note 1)	939.6	4,173.3	_
Segment liabilities	(206.6)	(162.1)	(61.5)	(Note 1)	(1,916.4)	(2,346.6)	-
Capital expenditure	259.4	68.0	11.5	(Note 1)	1.6	340.5	0.1
Depreciation	68.3	60.6	11.4	(Note 1)	0.1	140.4	1.0
Amortisation	2.5	-	_	(Note 1)	-	2.5	_
Taxation	14.0	20.9	2.7	(Note 1)	1.1	38.7	0.6
Result - geographical location ² Segment operating profit before significant items	124.7	91.1	13.1	(Note 2)	(11.8)	217.1	

- 1 The Group's reporting structure is such that the assets and liabilities of MAG Property are included in the Manchester Airport statement of financial position.
- 2 For management accounting purposes MAGIL reports property income and profit on sale of property assets (excluding London Stansted) within the MAG Property division. For statutory purposes property income and profit on disposal of property assets is reported in the subsidiary companies depending on the geographical location of the investment properties and property, plant and equipment. The table shows how profit from operations would appear with property reported by geographical location.

 3 Group consolidation and other includes, Group, Head Office, and other subsidiary companies and balances arising on consolidation, which are not specific to the other main operating
- divisions. Assets include goodwill and fair value adjustments arising on consolidation. Liabilities include borrowings, further details of which can be found in Note 21 Borrowings.
- 4 Sales between segments are at arm's length.
- 5 Discontinued operation includes all items relating to the Bournemouth operations that were disposed of by the Group in December 2017. These operations were previously disclosed in the Bournemouth Airport segment and the MAG Property segment for income statement related items, and the Bournemouth Airport segment and Manchester Airport segment for balance sheet related items.

3. SIGNIFICANT ITEMS

	2019	2018
	£m	£m
Recorded in result from operations		
Exceptional costs ¹	10.9	8.6
Total significant items recorded in result from continuing operations	10.9	8.6
Recorded in result from discontinued operations		
Loss on sale of discontinued operation ²	4.3	14.1
Total significant items recorded in result from discontinued operation	4.3	14.1
Total significant items	15.2	22.7

Exceptional costs of £10.9m (2018: £8.6m) include costs of a number of restructuring programmes across the Group, M&A activity, contingent consideration for the Looking 4Parking acquisition, the impact of GMP equalisation and additional operating costs that have been incurred as a result of the ongoing Manchester Transformation Programme works.

2 Loss on sale of discontinued operation

On 4 December 2017, the Group disposed of Bournemouth International Airport Limited and its subsidiaries: Bournemouth Airport Property Investments (Offices) Limited, Bournemouth Airport Property Investments (Industrial) Limited and Bournemouth Airport Core Property Investments Limited. A loss of £14.1m was recognised in the accounts for the the year ended 31 March 2018.

The loss on sale is an additional charge of $\mathfrak{L}4.3m$, which has been recognised in the current year. This additional charge relates to an allocation of the Group's deferred taxation provision, discounting of deferred consideration and additional costs incurred during the transitional services agreement period with the purchaser of Bournemouth Airport during the year ended 31 March 2019.

4. RESULT FROM OPERATIONS

	2019 Continuing operations £m	2019 Discontinued operation £m	2019 Total £m	2018 Continuing operations £m	2018 Discontinued operation £m	2018 Total £m
Revenue	879.1	_	879.1	814.3	10.3	824.6
Wages and salaries Social security costs Pension costs	(204.5) (19.6) (19.1)	-	(204.5) (19.6) (19.1)	(180.8) (16.9) (17.5)	(3.5) (0.4) (0.1)	(184.3) (17.3) (17.6)
Employee benefit costs Depreciation and amortisation Profit on disposal of property, plant, equipment Other operating charges ¹	(243.2) (152.4) 1.8 (255.9)	-	(243.2) (152.4) 1.8 (255.9)	(215.2) (142.9) - (239.1)	(4.0) (1.0) - (3.5)	(219.2) (143.9) - (242.6)
Result from operations before significant items	229.4	-	229.4	217.1	1.8	218.9

1 Other operating charges includes maintenance, rent, rates, utility costs and other operating expenses.

5. EMPLOYEE INFORMATION

The average number of persons (including Executive Directors) employed by the Group during the year was:

	2019	2018
	Number	Number
By location		
Manchester Airport	3,343	2,943
London Stansted Airport	1,694	1,555
East Midlands Airport	558	515
Bournemouth Airport	-	132
	5,595	5,145

Manchester Airport includes Group, Head Office, as well as operational employees. The average number of employees has been calculated for both 2019 and 2018 to reflect full-time equivalent (FTEs) employees as opposed to actual headcount. The average employee figure for in 2018 included the average number of persons employed at Bournemouth Airport over the whole year, however the Group sold this Airport on 4 December 2017. After this date, the Group has not employed any persons at this site.

6. DIRECTORS' EMOLUMENTS

Charlie Cornish and Neil Thompson were directors of Manchester Airports Holdings Limited (MAHL) during the year, and their remuneration is disclosed in its financial statements. The directors do not believe it is possible to apportion their remuneration to individual companies within the Manchester Airport Group Investments Limited group based on services provided. For ease of reference, however, the remuneration disclosures in the financial statements of Manchester Airports Holdings Limited are set out below, although these include the remuneration of directors of Manchester Airports Holdings Limited who are not directors of Manchester Airport Group Investments Limited.

Further details of directors' emoluments and a description of the Group's remuneration policy are set out on pages 67 to 69 of the annual report and accounts for Manchester Airports Holdings Limited.

	2019	2018
	£m	£m
Directors' emoluments		
Aggregate emoluments	6.5	5.2

An amount of £165,000 (2018: £129,219) was paid into money purchase schemes in respect of two directors (2018: three). Included within the amounts above is £2.4m (2018: £1.9m paid in July 2018) payable in July 2019 relating to the 2016-2019 LTIP after certain targets were met over the three year period. As the financial performance in relation to the 2017 and 2018 LTIP is so uncertain at this stage, no value is attributed to any prospective awards under those plans.

	2019	2018
	£m	£m
Key management compensation		
Aggregate emoluments	9.2	11.1

Key management for the Group are the Board of Directors and members of the Executive Committee (EXCO) who control and direct the Group's operational activities and resources. Included within the amounts above is £3.0m payable in July 2019 relating to the 2016-2019 LTIP (2018: £2.4m paid in July 2018 in relation to the 2015-2018 LTIP) after certain targets were met over the three year period. As the financial performance in relation to the 2017 and 2018 plans is so uncertain at this stage, no value is attributed above to any prospective awards under those plans.

	2019	2018
	£m	£m
Highest paid director		
Aggregate emoluments	2.2	2.1

7. FINANCE INCOME

	2019 £m	2018 £m
Interest receivable from Group undertakings	14.0	8.8
Total finance income	14.0	8.8

Finance income relates to interest on outstanding loan balances with fellow Group companies outside the MAGIL Group. Interest is calculated at a rate of 1.5% per annum above base rate.

8. FINANCE COSTS

	2019	2018
Note	£m	£m
Interest payable on bank loans and overdrafts	2.7	3.0
Interest payable on bonds	45.2	40.3
Interest cost on defined benefit pension schemes 26	2.1	2.8
Capitalisation of borrowing costs 14	(16.4)	(8.9)
Total finance costs	33.6	37.2

9. RESULT BEFORE TAXATION

		2019	2018
		Continuing	Continuing
		operations	operations
	Note	£m	£m
Result before taxation has been arrived at after charging/(crediting):			
Hire of plant and machinery – operating leases		0.4	0.4
Hire of other assets – operating leases		26.4	28.3
Release of capital based grants		(0.4)	(0.4)
Depreciation of property, plant and equipment:			
Owned assets – continuing operations	14	149.8	140.4
Amortisation of intangible assets	17	2.5	2.5
Profit on disposal of property, plant and equipment			-
Significant items ¹	3	10.9	8.6
Gains and losses on sales and valuation of investment properties	15	(45.8)	(14.5)
Employee benefit costs	4	243.2	215.2
	'		
Auditor's remuneration ²			
Audit of these financial statements		0.1	0.1
Amounts receivable by the Company's Auditor and its associates in respect of:			
Audit of subsidiaries' financial statements		0.2	0.2
Other services relating to taxation		0.1	0.1
Total auditor's remuneration		0.4	0.4

1. Restructuring costs have been shown as significant items on the face of the consolidated income statement. Further details of these items are shown in Note 3 Significant items.

^{2.} A description of the work of the Audit Committee is set out in the Corporate Governance Report within the MAHL annual report and accounts. This includes an explanation of how Auditor objectivity and independence is safeguarded when non audit services are provided by the Auditor.

for the period ended 31 March 2019

10. TAXATION

ANALYSIS OF CHARGE IN THE PERIOD

	2019 £m Before significant items	2019 £m Significant items	2019 £m After significant items	2018 £m Before significant items	2018 £m Significant items	2018 £m After significant items
Current taxation						
UK corporation tax on profits for the period	51.9	(2.1)	49.8	49.7	(1.6)	48.1
Adjustment in respect of prior period	(3.5)	-	(3.5)	1.6	-	1.6
Total current taxation	48.4	(2.1)	46.3	51.3	(1.6)	49.7
Deferred taxation						
Temporary differences arising in the period	5.0	-	5.0	(10.4)	_	(10.4)
Adjustment in respect of prior period	(2.1)	-	(2.1)	(0.6)	-	(0.6)
Effect of change in rate of corporation tax	-	-	-	-	-	-
Total ordinary deferred taxation	2.9	-	2.9	(11.0)	-	(11.0)
Total taxation charge	51.3	(2.1)	49.2	40.3	(1.6)	38.7

TAXATION ON ITEMS CHARGED TO EQUITY

	2019 £m	2018 £m
Deferred taxation on remeasurement or retirement benefit liabilities Effect of change in rate of corporation tax	0.6	3.7
	_	
Total taxation charge	0.6	3.7

FACTORS AFFECTING THE TAXATION CHARGE FOR THE YEAR

The total taxation charge for the year ended 31 March 2019 is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below.

	2019 £m Before significant items	2019 £m Significant items	2019 £m After significant items	2018 £m Before significant items	2018 £m Significant items	2018 £m After significant items
Result before taxation	255.6	(10.9)	244.7	203.2	(8.6)	194.6
Result before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	48.6	(2.1)	46.5	38.6	(1.6)	37.0
Effect of: Lower than standard rate used for DT temporary differences	0.6	-	0.6	(1.8)	_	(1.8)
Non-taxable items	7.7	-	7.7	2.5	_	2.5
Adjustments to prior year taxation charge	(5.6)	-	(5.6)	1.0	_	1.0
Effect of change in rate of corporation tax				-	-	-
Total taxation charge	51.3	(2.1)	49.2	40.3	(1.6)	38.7

The March 2016 Budget included a reduction in the rate of Corporation tax from 1 April 2020 from 20% to 17%. This change was substantively enacted on 5 September 2016. Deferred tax balances at 31 March 2019 have therefore been calculated at 17%, unless they are expected to unwind earlier than 1 April 2020, in which case the deferred tax balances have been calculated at the prevailing rate at the time the unwind is expected.

11. DISCONTINUED OPERATION

On 4 December 2017, the Group entered into a sale agreement to dispose of its entire shareholding of Bournemouth International Airport Limited and its subsidiaries: Bournemouth Airport Property Investments (Offices) Limited, Bournemouth Airport Property Investments (Industrial) Limited and Bournemouth Airport Core Property Investments Limited, which carried out all of the Group's Bournemouth Airport operations. As part of the disposal there was a Transitional Services Agreement (TSA) between MAGIL and the Purchaser, which came to an end in November 2018, as such there have been costs associated to this TSA incurred during the year.

The results of the discontinued operation, which have been included in the consolidated income statement, were as follows:

	ar ended 31 March 2019 £m	Year ended 31 March 2018 £m
Revenue Operating costs	-	10.3 (8.4)
Operating profit	-	1.9
Significant items Movement in investment properties fair values Attributable tax expense	(4.3) - -	(14.1) - (0.6)
Loss of discontinued operation	(4.3)	(12.8)
Net profit attributable to discontinued operation (attributable to owners of the Company)	(4.3)	(12.8)

The loss on sale is an additional charge of £4.3m, which has been recognised in the current year. This additional charge relates to an allocation of the Group's deferred taxation provision, discounting of deferred consideration and additional costs incurred during the transitional services agreement period with the purchaser of Bournemouth Airport during the year ended 31 March 2019.

12. DIVIDENDS

	2019 £m	2018 £m
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 31 March 2019 of £nil (2018: £2,063.67) per share	-	619.1
Amounts recognised as distributions to equity holders in the year	_	619.1

13. EARNINGS PER SHARE

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. The Group does not have any dilutive equity instruments in issue, therefore diluted earnings per share is the same as basic earnings per share.

			2019					2018		
	Ea	rnings	Weighted average number of shares		ire amount	Ea	rnings	Weighted average number of shares	Per sha	re amount
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations
	£m	£m	m	£	£	£m	£m	m	£	£
EPS attributable to ordinary shareholders – before significant items	204.3	-	131.6	1.55	-	162.9	1.3	0.3	543.00	4.33
EPS attributable to ordinary shareholders – after significant items	195.5	(4.3)	131.6	1.49	(0.03)	155.9	(12.8)	0.3	519.67	(42.67)

During the year, 175.0m £1 ordinary shares have been issued, leading to a reduction in the earnings per share. Excluding the effect of this share issue, the earnings per share attributable to ordinary shareholders from continuing operations in 2019 would be £651.67 (2018: £519.67).

14. PROPERTY, PLANT AND EQUIPMENT

2019	Freehold land and property £m	Long leasehold property £m	Airport infrastructure £m	and	Assets in the course of construction £m	Total £m
Cost						
At 1 April 2018	184.0	451.7	2,109.8	655.2	358.6	3,759.3
Additions	-	-	-	0.3	578.9	579.2
Reclassifications	(3.3)	31.6	71.5	77.4	(177.2)	-
Reclassification to/from investment properties (note 15)	6.7	-	(0.7)	(0.2)	(2.3)	3.5
Disposals	-	(1.9	(7.5)	(2.0)	_	(11.4)
At 31 March 2019	187.4	481.4	2,173.1	730.7	758.0	4,330.6
Depreciation	'					
At 1 April 2018	53.7	187.1	513.3	487.6	_	1,241.7
Charge for the period	-	12.9	81.2	55.7	-	149.8
Depreciation on disposals	-	(1.9	(7.3)	(2.0)	_	(11.2)
At 31 March 2019	53.7	198.1	587.2	541.3	-	1,380.3
Carrying amount						
At 31 March 2019	133.7	283.3	1,585.9	189.4	758.0	2,950.3
Carrying amount						
At 31 March 2018	130.3	264.6	1,596.5	167.6	358.6	2,517.6

14. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Freehold land and property	Long leasehold property	Airport infrastructure	Plant, fixtures and equipment	Assets in the course of construction	Total
2018	£m	£m	£m	£m	£m	£m
Cost						
At 1 April 2017	192.5	478.7	2,078.5	629.3	190.0	3,569.0
Additions					340.6	340.6
Reclassification	-	6.3	80.6	80.8	(167.7)	-
Reclassification to investment properties (note 15)	-	-	-	-	(3.1)	(3.1)
Disposal of discontinued operation	(8.5)	(20.2)	(32.6)	(21.2)	-	(82.5)
Disposals	-	(13.1)	(16.7)	(33.7)	(1.2)	(64.7)
At 31 March 2018	184.0	451.7	2,109.8	655.2	358.6	3,759.3
Depreciation						
At 1 April 2017	59.0	201.5	485.4	482.3	_	1,228.2
Charge for the period	-	13.1	70.4	57.9	_	141.4
Disposal of discontinued operation	(5.3)	(16.1)	(26.4)	(19.0)	_	(66.8)
Depreciation on disposals	-	(11.4)	(16.1)	(33.6)	-	(61.1)
At 31 March 2018	53.7	187.1	513.3	487.6	-	1,241.7
Carrying amount						
At 31 March 2018	130.3	264.6	1,596.5	167.6	358.6	2,517.6
Carrying amount						
At 31 March 2017	133.5	277.2	1,593.1	147.0	190.0	2,340.8

The carrying amount of land not depreciated as at 31 March 2019 is £224.1m (2018: £224.2m).

CAPITALISED BORROWING COSTS

During the year ended 31 March 2019, borrowing costs of £16.4m were capitalised (2018: £8.9m), relating to borrowing costs incurred in FY19. Capitalised borrowing costs were calculated on a monthly basis, by applying the rate of interest for the relevant month to expenditure incurred in that month. The average rate of interest applied in FY19 was 4.21% (FY18: 5.72%). These borrowing costs were capitalised due to the transformational capital investment projects being undertaken at Manchester and London Stansted Airports.

15. INVESTMENT PROPERTIES

2019	Investment properties £m
Valuation	
At 1 April 2018	526.1
Additions	0.2
Reclassification to Property, plant and equipment (note 14)	(3.5)
Reclassification to Assets held for sale (note 16)	(2.6)
Disposals	(10.1)
Revaluation	42.5
At 31 March 2019	552.6
Carrying amount	'
At 31 March 2019	552.6
At 31 March 2018	526.1

Notes to the financial statements continued for the period ended 31 March 2019

15. INVESTMENT PROPERTIES CONTINUED

	Investment
2018	properties £m
Valuation	
At 1 April 2017	603.3
Reclassification from assets in the course of construction (note 14)	3.1
Disposals	(35.5)
Disposal of discontinued operation	(54.8)
Revaluation	10.0
At 31 March 2018	526.1
Carrying amount	
At 31 March 2018	526.1
At 31 March 2017	603.3

INVESTMENT PROPERTIES

The fair value of the Group's commercial investment property at 31 March 2019 has been arrived at on the basis of a valuation carried out at that date by Savills Plc. Strutt & Parker carried out the valuation of the London Stansted residential property portfolio, and Wright Marshall carried out the Manchester residential property portfolio at 31 March 2019. The valuers are independent and have appropriate, recognised professional qualifications, and recent experience in the locations and categories of the locations being valued. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties, land valuations and discounted cash flow methods.

Under IAS 40 a fair value method has been adopted to revalue Investment Properties that become occupied by the Group and are transferred to property, plant and equipment.

The rental income earned by the Group from its investment property amounted to £32.0m (2018: £35.4m). Direct operating expenses arising on the investment property in the year amounted to £4.8m (2018: £4.6m), which includes £nil (2018: £nil) of operating costs where no income was derived.

Gains and losses on sales and valuation of investment properties reported in the consolidated income statement of £45.8m in the year (2018: £14.5m) comprise £42.5m of valuation gains (2018: gains of £10.0m), and profits on sale of £3.3m (2018: profits on sale of £4.5m).

16. ASSETS AND LIABILITIES HELD FOR SALE

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 March 2019:

	2019 £m
Assets classified as held for sale	
Property, plant and equipment	2.6
Total assets of disposal group held for sale	2.6

17. INTANGIBLE ASSETS

	Goodwill £m	Other intangible assets £m	Total £m
Cost At 1 April 2018 Additions	166.3	50.5	216.8
At 31 March 2019	166.3	50.5	216.8
Amortisation At 1 April 2018 Charge for the year		8.5 2.5	8.5 2.5
At 31 March 2019	-	11.0	11.0
Carrying amount			
At 31 March 2019	166.3	39.5	205.8
At 31 March 2018	166.3	42.0	208.3

GOODWILL

Goodwill is allocated to cash generating units based on the benefits to the Group that arise from each business combination. For the purposes of impairment testing, goodwill is allocated to the lowest cash generating unit at which management monitor goodwill. The lowest level of cash generating unit is considered to be at an airport level. The goodwill relates to the acquisition of London Stansted Airport Limited ('Stansted').

The recoverable amount of the Stansted cash generating unit has been determined from value-in-use calculations. Key assumptions for these calculations are those regard discount rates, terminal value growth rates, expected changes to passenger and revenue growth rates, EBITDA margin and the level of capital expenditure required to support trading.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the Board covering five years. The Group used detailed longer term forecasts to review a period for a further twenty five years. A terminal value is calculated beyond that point. The discount rates used in the cash flow forecasts have been estimated based on pre-tax rates that reflect the Group's current market assessment of the time value of money and the risks specific to the cash generating unit. In determining the discount rates, the Group has sought to arrive at a Weighted Average Cost of Capital (WACC) using the capital asset pricing model for a market participant. The key assumptions in calculating the discount rate have been a 0.60 unlevered beta and a risk-free rate based on long term UK Government gilts. Consequently, the rate used to discount the forecast cash flows was calculated as 6.6% (2018: 6.0%). The long term growth rate used in calculating the terminal value was 2.5%.

Sensitivity analysis shows that the discount rate would have to increase by over 700 basis points, in addition to limiting growth to 2.5% from year 4 onwards and restricting the assets to a 50 year remaining life, for an impairment to be triggered.

OTHER INTANGIBLE ASSETS

The Group secured rights to ensure that the Greater Manchester Metrolink light rail system was extended to Manchester Airport, connecting the airport to the wider Metrolink network. The contractual agreement ensures that the Metrolink service, which commenced in November 2014, will be operated for a period of 30 years. The cost of securing the rights has been capitalised and is being amortised over 20 years from November 2014, which the directors believe to be the foreseeable period over which the majority of the benefits from the service will accrue to the Airport.

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18. INVENTORIES

	2019	2018
	£m	£m
Consumables	3.5	2.5
	3.5	2.5

19. TRADE AND OTHER RECEIVABLES

	2019 £m	2018 £m
Trade receivables	74.7	94.7
Other receivables	11.1	6.3
Prepayments and accrued income	42.2	46.6
	128.0	147.6

The average credit period taken on sales is 26 days (2018: 31 days). An allowance has been made for estimated irrecoverable amounts from trade receivables. Additional reserving has been raised to account for a general reserve of £0.3m in relation to adoption of the expected credit loss model under IFRS 9. The total reserve held by Group as at 31 March 2019 amounts to £3.2m (2018: £3.0m). This allowance has been determined by identifying all specific external debts where it is probable that they will not be recovered in full.

The directors consider that the carrying amount of trade and other receivables approximates to fair value.

Trade receivables are non-interest bearing and are generally on 30 day terms. The level of past due debt over 90 days old has been recalculated to reflect age based upon due date:

	2019	2018
	£m	£m
Debt due over 90 days	7.5	12.1
Total	7.5	12.1

Movement in the provision for impairment of trade receivables is as follows:

	£m
Balance at 1 April 2018	3.0
Increase in allowance for impaired receivables	2.0
Additional General Provision Raised	0.3
Provision utilised during the year	(2.1)
Balance at 31 March 2019	3.2

Amounts charged to the provision account are generally written off when there is no expectation of recovery. The ageing of these receivables is as follows:

	2019	2018
	£m	£m
Less than 60 days	-	0.1
60 to 90 days	0.1	-
Over 90 days	3.1	2.9
Total	3.2	3.0

The Group is not exposed to foreign currency exchange risk as all trade and other receivables are denominated in pounds sterling. There are no credit quality issues with receivables that are not past their due date. Additional disclosure on financial risk is included in Note 24.

20. CASH AND CASH EQUIVALENTS

	2019 £m	2018 £m
Cash at bank and in hand	23.4	10.6
	23.4	10.6

The directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

21. BORROWINGS

	Note	2019 £m	2018 £m
Bank loans Bonds	22 23	132.3 1,098.4	(2.8) 1,098.1
		1,230.7	1,095.3
Borrowings are repayable as follows: In one year or less, or on demand			
Bank loans	22	-	
		_	-
In more than one year, but no more than two years Bank loans		-	
		-	-
In more than two years, but no more than five years Bank loans		132.3	(2.8)
In more than five years – due other than by instalments Bonds	23	1,098.4	1,098.1
		1,098.4	1,098.1
Non current borrowings		1,230.7	1,095.3
Total borrowings		1,230.7	1,095.3

The Group is party to a Common Terms Agreement (CTA) where bank and bond creditors benefit from the same suite of representations, warranties and covenants. The CTA was signed on 14 February 2014.

The CTA, together with a Master Definitions Agreement, covers inter alia, The Amended and Restated Initial Authorised Credit Facility Agreement (ACF), The Amended and Restated Liquidity Facility Agreement (LF), and the Group's issue of publicly listed fixed rate secured bonds in February 2014 and April 2014 respectively.

During the period the Group completed the maturity extension of its revolving credit and liquidity facilities, comprising a £500.0m revolving credit facility and £60.0m in standby liquidity facilities, each with a five year term, maturing in 2023.

The Group issued a £450.0m publicly listed fixed rate secured bond on 14 February 2014 with a scheduled and legal maturity of 31 March 2034.

The Group issued a £360.0m publicly listed fixed rate secured bond on 16 April 2014 with a scheduled and legal maturity of 2024. All proceeds from the issue of the bonds (net of certain issuance fees) were used to repay a large portion of the Secured Senior Term Facility.

21. BORROWINGS CONTINUED

The Group issued a £300.0m publicly listed fixed rate secured bond on 15 November 2017 with a scheduled and legal maturity of 2039. All proceeds from the issue of the bonds (net of certain issuance fees) were used to repay the Revolving Credit Facility.

The Amended and Restated LF Agreement has total facilities of £60.0m and is sized to cover 12 months interest on secured debt. The LF Agreement is a 364-day revolving facility with a five year term on each annual renewal.

The Group's borrowings are all secured by a fixed and floating charge over substantially all of the assets of the Group.

The Group issued a £350.0m bond on 9 May 2019 with a 2.875% coupon and a legal maturity of 30 September 2044.

22. BANK LOANS

	2019	2018
	£m	£m
Secured Revolving Credit Facility	135.0	_
Less: unamortised debt issue costs ¹	(2.7)	(2.8)
	132.3	(2.8)

At 31 March 2019 the Group had £350m (2018: £485.0m) undrawn committed borrowing facilities in respect of which all conditions precedent had been met at that date. The undrawn committed borrowing facilities consist of a £500.0m Secured Revolving Credit Facility (£135.0m drawn as at 31 March 2019) less certain carve-outs in respect of ancillary facilities of £15.0m. The Group also had access to £10.0m of overdraft facilities.

Interest on the overdraft, Revolving Credit Facility and Liquidity Facility is linked to LIBOR plus a margin (dependent on facility).

See Note 21 for further information on financial liabilities, including maturity analysis.

23. BONDS

	2019	2018
	£m	£m
Repayable other than by instalments		
MAG bond 4.125% £360.0m due 2024	360.0	360.0
MAG bond 4.75% £450.0m due 2034	450.0	450.0
MAG bond 2.875% £300.0m due 2039	300.0	300.0
Less: discount on issue	(5.3)	(5.4)
Less: unamortised debt issue costs	(6.3)	(6.5)
	1,098.4	1,098.1

See Note 21 for further information on financial liabilities, including maturity analysis.

24. FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES

(a) Interest rate profile of financial liabilities

The interest rate profile of the Group's financial liabilities as at 31 March 2019 was as follows:

	2019	2018
	£m	£m
Fixed rate financial liabilities	1,098.4	1,098.1
Floating rate financial liabilities	132.3	(2.8)
	1,230.7	1,095.3

The Revolving Credit Facility bears an interest rate based on LIBOR at the Group's discretion, between 1 week and 6 months, plus a credit margin. The overdrafts bear interest at Bank of England Base Rate plus a credit margin.

The Group has prepared an analysis on the impact of potential, likely changes in interest rates.

The result of an increase in interest rates of 1% per annum would be to decrease income and equity for the year by the following amounts:

	2019	2018
	£m	£m
Impact on income statement	(1.1)	0.1
Impact on equity	-	-
	(1.1)	0.1

(b) Fixed rate and non-interest bearing financial liabilities

	2019 £m	2018 £m
Weighted average annual interest rate	4.04%	4.04%
Weighted average period for which interest rate is fixed	13yr 1m	14yr 1m

(c) Maturity analysis of financial liabilities

The table below shows the gross undiscounted contractual cash outflows in relation to the Group's financial liabilities as at 31 March 2019 to the contract maturity date.

	2019	2018
	£m	£m
In one year or less, or on demand	179.9	44.9
In more than one year but not more than two years	44.9	44.9
In more than two years but not more than five years	494.6	134.6
In more than five years	1,093.1	1,498.0
	1,812.5	1,722.4

^{1.} Issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

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24. FINANCIAL INSTRUMENTS CONTINUED

This maturity profile represents the fair value of all financial liabilities, as denoted in table (d) below.

Undrawn committed borrowing facilities

As at 31 March 2019, the Group had an undrawn committed borrowing facility available amounting to £350.0m (2018: £485.0m).

	2019	2018
	Floating rate	Floating rate
	£m	£m
Expiring in less than one year	-	_
Expiring in one to two years	-	-
Expiring in more than two years	350.0	485.0
	350.0	485.0

(d) Fair values versus carrying amounts of financial statements

The following table provides a comparison, by category, of the carrying amounts and the fair values of the Group's financial instruments as at 31 March 2019 and 2018. Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates

	Note	2019 Carrying amount £m	2019 Fair value £m	2018 Carrying amount £m	2018 Fair value £m
Financial liabilities:					
Instruments held at amortised cost					
Bank loans and overdrafts	22	(132.3)	(132.3)	2.8	2.8
Trade payables	25	(58.1)	(58.1)	(50.9)	(50.9)
Bonds	23	(1,098.4)	(1,266.6)	(1,098.1)	(1,253.0)
		(1,288.8)	(1,457.0)	(1,146.2)	(1,301.1)
Financial assets:					
Instruments held at amortised cost					
Cash at bank and in hand	20	23.4	23.4	10.6	10.6
Trade receivables	19	74.7	74.7	94.7	94.7
Other assets held at fair value					
Assets held for sale	16	2.6	2.6	-	-
Investment properties	15	552.6	552.6	526.1	526.1
		653.3	653.3	631.4	631.4
Net financial liabilities		(635.5)	(803.7)	(514.8)	(669.7)

FAIR VALUE HIERARCHY

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- level 1 quoted prices in active markets for identical assets or liabilities;
- level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a level 2 valuation method.

Investment properties carried at fair value have been measured by a level 3 valuation method.

24. FINANCIAL INSTRUMENTS CONTINUED

SUMMARY OF METHODS AND ASSUMPTIONS USED FOR DETERMINING FAIR VALUES

Bonds The fair value of publicly listed bonds is based on market prices or, if not available, brokers'

quotes. The carrying value is net of unamortised issues costs.

Bank loans

The fair value of the bank loans approximates to the carrying value given their floating rate basis

and interest setting frequency. The acrrying value is net of unamortised issue costs.

Other borrowings The fair value of other borrowings is based on a discounted cash flow methodology that reflects

movements in underlying market rates.

Cash at bank and in hand

The fair value of cash at bank and in hand approximates to the carrying value as all deposits

have same day access.

Trade receivables and payables

The fair value of trade receivables and trade payables approximates to the carrying value given

their short-term nature

Investment properties The fair values of investment properties are based on an income capitalisation methodology.

(e) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2019 £m	Carrying amount 2018 £m
Trade receivables Cash at bank and in hand	74.7 23.4	94.7 10.6
Credit exposure	98.1	105.3

Further analysis on the credit risk, ageing and impairment of trade receivables can be found in Note 19.

25. TRADE AND OTHER PAYABLES

	2019	2018
	£m	£m
Trade payables	58.1	50.9
Other taxation and social security	6.1	4.5
Other payables	5.2	2.8
Accruals	169.7	159.1
Capital-based grants	0.4	1.4
	239.5	218.7

The directors consider that the carrying value of trade and other payables approximates to their fair value.

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26. RETIREMENT BENEFITS

GUARANTEED MINIMUM PENSION ('GMP') EQUALISATION

A past service cost of £1.3m has been recognised in the income statement, reflecting an estimate of the impact of allowing for the equalisation of GMPs. This follows a case brought before the High Court by the Trustees of the Lloyds Bank Pension Schemes, judgement of which was delivered on 26 October 2018.

DEFINED CONTRIBUTION SCHEMES

The Group operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of £6.9m (2018: £7.8m) represents contributions payable to the scheme by the Group at rates in the pension scheme's contribution schedule. As at 31 March 2019, there was £nil (2018: £nil) of contributions due in respect of the current reporting period that had not been paid over to the scheme.

DEFINED BENEFIT SCHEMES

The Group operates four defined benefit pension schemes as follows:

- The Greater Manchester Pension Fund (GMPF).
- M.A.G (STAL) Pension Scheme.
- E.M.I.A Pension Scheme.
- The Airport Ventures Pension Scheme (AVPS).

Under the schemes, the employees are entitled to retirement benefits based on their salary and length of service at the time of leaving the schemes, payable on attainment of retirement age (or earlier death). No other post-retirement benefits are provided. All schemes are closed to new entrants but are not closed to future accrual (with the exception of AVPS). The Group operates the schemes under the applicable UK regulatory framework. Benefits are paid to members from trustee-administered funds, and the trustees of each scheme are responsible for ensuring that each respective scheme is sufficiently funded to meet current and future benefit payments. Scheme assets are held in trusts separate from the Group. If investment experience is worse than expected, the Group's obligations are increased.

MAGIL participates in the GMPF scheme, which forms part of the Local Government Pension Scheme.

The nature of the relationship between the Group and the trustees of each scheme is also governed by UK regulations. The trustees must agree a funding plan with the Group such that any funding shortfall is expected to be met by additional contributions and investment performance. In order to assess the level of contributions required, triennial valuations are carried out with the scheme's liabilities measured using prudent assumptions (relative to those used to measure accounting liabilities).

The trustees' other duties include managing the investment of scheme assets and administration of scheme and discretionary benefits. The Group works closely with the trustees of each scheme.

Total employer's pension contributions for defined benefit schemes across the Group during the year ended 31 March 2019 amounted to £16.1m (2018: £10.7m) and there were no one-off contributions during this period (2018: £nil).

Total employees' pension contributions for defined benefit schemes across the Group during the year ended 31 March 2019 amounted to £2.8m (2018: £2.7m) and there were no one-off contributions during this period (2018: £nil).

Actuarial gains or losses are recognised immediately in the statement of comprehensive income, included within remeasurements.

26. RETIREMENT BENEFITS CONTINUED

THE GREATER MANCHESTER PENSION FUND (GMPF)

Certain employees of the Group participate in the GMPF, administered by Tameside Borough Council. Of the total Group pension contributions noted above, some £5.0m (2018: £5.5m) related to payments into the GMPF.

The securities portfolio of the fund is managed by two external professional investment managers and the property portfolio is managed internally by GMPF. Participation is by virtue of Manchester Airport Plc's status as an 'admitted body' to the fund.

The last full valuation of the fund was undertaken on 31 March 2016 by an independent actuary. The fund was valued using the attained age method. The purposes of the valuation were to determine the financial position of the fund and to recommend the contribution rate to be paid by Manchester Airport Plc and the other participating employers. The market value of the whole of the fund's assets for all employers at 31 March 2016 was £17,325m (previous valuation in 2013: £12,590m). The funding level of the scheme as measured using the actuarial method of valuation was 93% (previous valuation in 2013: 91%).

The principal assumptions used in the 2016 valuation were as follows:

Salary increase 2.90% per annum Pensions increase/price inflation 2.10% per annum

The costs of providing pensions are charged to the income statement on a consistent basis over a term agreed between the GMPF and the employer. These costs are determined by an independent qualified actuary and any variations from regular costs are spread over the remaining working lifetime of the current members.

MAG (STAL) PENSION SCHEME

On 28 February 2013, the Group acquired the entire share capital of Stansted Airport Limited. A condition of the purchase was that a new defined benefit pension scheme was set up to provide comparable benefits to those employees who had previously participated in the BAA pension scheme prior to the acquisition. Current employees transferred their accrued benefits to the MAG (STAL) Pension Scheme, but no liability for pensioners or deferred members was transferred. The last full actuarial valuation of the M.A.G (STAL) pension scheme was carried out by the scheme actuary on 30 September 2016. The aggregate market value of the assets in the scheme at the date of that actuarial valuation was £153.4m (previous valuation £104.9m), which represented approximately 87.9% (previous valuation 104.9%) of the present value of the liabilities. The scheme was valued using the projected unit method.

OTHER SCHEMES

Full actuarial valuations were carried out on the other defined benefit schemes as follows:

- E.M.I.A Pension Scheme (EMIA) 6 April 2017
- Airport Ventures Pension Scheme 1 August 2016

The aggregate market value of the assets in the EMIA scheme at the date of that actuarial valuation was £59.8m (previous valuation £48.4m), which represented approximately 74% (previous valuation 94%) of the present value of the liabilities. The scheme was valued using the projected unit

The other scheme is not significant to the Group and details of its valuation are included in the relevant entity's financial statements.

The numerical disclosure provided below for the defined benefit schemes is based on the most recent actuarial valuations disclosed above, which have been updated by independent qualified actuaries to take account of the requirements of IAS 19.

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26. RETIREMENT BENEFITS CONTINUED

The key assumptions used are as follows:

	GN	GMPF		MAG (STAL)		1IA	AVPS	
	2019	2018	2019	2018	2019	2018	2019	2018
Rate of increase in salaries	3.25%	3.15%	3.25%	3.15%	2.00%	2.00%	N/A	N/A
Rate of increase of pensions in payment	2.25%	2.15%	2.25%	2.15%	2.25%	2.15%	2.25%	2.15%
Discount rate	2.40%	2.60%	2.45%	2.60%	2.40%	2.60%	2.40%	2.55%
Inflation assumption	2.25%	2.15%	2.25%	2.15%	2.25%	2.15%	2.25%	2.15%
Life expectancy from 65								
Longevity at age 65 for current pensioners								
Males	20.7 years	20.9 years	22.7 years	23.0 years	22.9 years	22.7 years	20.9 years	21.1 years
Females	23.2 years	23.3 years	24.4 years	25.7 years	24.0 years	25.1 years	23.2 years	23.4 years
Longevity at age 45 for current members								
Males	22.2 years	22.3 years	23.7 years	24.1 years	24.0 years	23.7 years	22.0 years	22.2 years
Females	24.4 years	24.8 years	25.6 years	26.9 years	25.2 years	26.3 years	24.4 years	24.6 years

The longevity assumptions for the MAG (STAL) scheme reflect the higher age profile of active scheme members, compared to other pension schemes, as the scheme commenced in 2013.

RISK AND RISK MANAGEMENT

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility

For the purpose of setting the contribution requirements, the calculation uses a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio whereas under IAS 19 (R), the defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. GMPF, MAG (STAL) and EMIA hold a significant proportion of their assets in return-seeking funds. The returns on these assets may be volatile and are not closely correlated to the value placed on the liabilities. This means that the deficit may be volatile in the shorter term, which may result in an increase in the contribution requirements and an increase in the net defined liability recorded on the statement of financial position. However, the Group believes that return-seeking assets offer an appropriate level of return over the long term for the level of risk that is taken. Furthermore, the schemes' other assets are well-diversified by investing in a range of asset classes, including diversified growth funds, government bonds and corporate bonds.

Changes in bond yields

A fall in bond yields increases the value placed on the liabilities for reporting purposes and for setting the Group's contribution requirements. However, in the scenario the schemes' investment in corporate and government bonds is expected to incease and therefore offset some of the increase in the value placed on the liabilities.

Inflation risk

The majority of the schemes' benefit obligations are linked to inflation and higher outturn levels of inflationary increases are in place to protect the benefits against extreme inflation. Inflation will lead to a higher benefit obligation (although in most cases caps on the majority of the schemes' assets do not provide a direct hedge against changes in inflation as they are either fixed-interest in nature e.g. corporate bonds and government bonds, or have an indirect link to inflation e.g. equities).

Life expectancy

The majority of the schemes' obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant where the longer duration and inflation-linked nature of the payments result in higher sensitivity to changes in life expectancy. The schemes do not contain a hedge against increases in future life expectancy.

26. RETIREMENT BENEFITS CONTINUED

DETAILS OF THE NET PENSION LIABILITY BY SCHEME ARE AS FOLLOWS:

	Present valu	Je
		fit surplus in the
	assets obligation \$\mathcal{L}m\$	on scheme m £m
GMPF ¹	2111	2
2019	465.7 (503.	.9) (38.2)
2018	437.5 (483	
2017	437.3 (489	
2016	363.1 (402	
2015	377.7 (432	
2014	346.0 (383	
MAG (STAL)		
2019	185.0 (209	8) (24.8)
2018	172.5 (195	
2017	161.4 (189	
2016	131.8 (133	
2015	130.3 (134	
2014	113.9 (107	
EMIA		
2019	61.9 (82.	
2018	61.3 (80	
2017	59.9 (82	.5) (22.6)
2016	52.9 (64.	7) (11.8)
2015	55.1 (69	(14.0)
2014	48.5 (57	(9.1)
AVPS ²		
2019	3.7 (3.	
2018	3.9 (3	
2017	4.0 (4	
2016	3.5 (3	
2015	3.6 (3	.6) –
2014	3.1 (3	.1) –
Total ²		
2019	716.3 (800)	
2018	675.2 (762	
2017	660.5 (765	
2016	551.3 (604	
2015	566.7 (640	
2014	511.5 (551.	7) (40.2)

- 1 The figures as shown represent the proprtion of the scheme that is attributable to the Group. £6.0m (2018: £6.2m) of the liabilities are unfunded.
- 2 The AVPS has a surplus of £0.7m (2018: £0.9m). This surplus has not been recognised in line with 'IFRIC 14' as the surplus cannot be recovered by reducing future contributions.
- 3 The present value of the deficit funding commitments to the three schemes GMPF, MAG (STAL), EMIA, is less than the IAS19 deficit at the balance sheet date and therefore IFRS14 has no effect on the figures disclosed.

Notes to the financial statements continued for the period ended 31 March 2019

26. RETIREMENT BENEFITS CONTINUED

PLAN ASSETS

	GN	1PF	MAG (STAL) EMIA		AV	PS	Total			
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Equities and other growth assets	316.5	293.5	118.1	110.0	34.8	36.7	-	_	469.4	440.2
Corporate and government bonds	70.6	68.7	43.0	40.9	16.5	15.3	3.6	3.5	133.7	128.4
Property	37.6	27.6	-	-	6.1	6.5	-	-	43.7	34.1
Other	41.0	47.7	23.9	21.6	4.5	2.8	0.1	0.4	69.5	72.5
Fair value of assets	465.7	437.5	185.0	172.5	61.9	61.3	3.7	3.9	716.3	675.2

MOVEMENT IN NET DEFINED BENEFIT LIABILITY - ALL SCHEMES

	Defined benefit obligation		Fair value of scheme assets		Net defined benefit liability	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Opening position as at 1 April* Included in the income statement	(761.6)	(764.2)	675.2	660.5	(86.4)	(103.7)
Current service cost of defined benefit scheme Past service cost Interest (Cost)/income	(11.4) (1.3) (19.5)	(11.9) - (20.3)	(1.4) 17.4	(0.5) - 17.5	(12.8) (1.3) (2.1)	(12.4) - (2.8)
Amount recognised in the statement of comprehensive income (SOCI)	(32.2)	(32.2)	16.0	17.0	(16.2)	(15.2)
Actual return less expected return on pension scheme assets Experience (loss)/gain arising on scheme liabilities	(0.9)	- (2.3) 16.1	35.6 -	5.1	35.6 (0.9)	5.1 (2.3) 16.1
Remeasurement (loss)/gain due to financial assumpion changes Remeasurement gain due to demographic assumption changes	(42.6) 11.2	2.9	_	-	(42.6) 11.2	2.9
	(32.3)	16.7	35.6	5.1	3.3**	21.8
Cash flows Contributions Benefits paid	(2.8) 29.4	(2.7) 20.8	18.9 (29.4)	13.4 (20.8)	16.1	10.7
Impact of asset ceiling	(0.7)	(0.9)	-	-	(0.7)	(0.9)
Closing position as at 31 March	(800.2)	(762.5)	716.3	675.2	(83.9)	(87.3)

26. RETIREMENT BENEFITS CONTINUED

MOVEMENT IN NET DEFINED BENEFIT LIABILITY - GMPF SCHEME

	Defined benefit obligation			value ne assets	Net defined benefit liability	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Opening position as at 1 April Included in the income statement	(483.5)	(489.4)	437.5	435.2	(46.0)	(54.2)
Current service cost of defined benefit scheme	(4.4)	(4.6)	_	_	(4.4)	(4.6)
Past service cost	(1.0)	-	_	_	(1.0)	-
Interest (cost)/income	(12.4)	(12.8)	11.2	11.4	(1.2)	(1.4)
Amount recognised in the statement of comprehensive income (SOCI)	(17.8)	(17.4)	11.2	11.4	(6.6)	(6.0)
Actual return less expected return on pension scheme assets	_		28.9	1.0	28.9	1.0
Experience (loss)/gain arising on scheme liabilities	(0.7)	(2.3)	20.7	1.0	(0.7)	(2.3)
Remeasurement (loss)/gain due to financial assumpion changes	(23.4)	9.1	_	_	(23.4)	9.1
Remeasurement gain due to demographic assumption changes	4.1	0.9	-	-	4.1	0.9
	(20.0)	7.7	28.9	1.0	8.9	8.7
Cash flows						
Contributions	(1.2)	(1.2)	6.7	6.7	5.5	5.5
Benefits paid	18.6	16.8	(18.6)	(16.8)	-	-
Closing position as at 31 March	(503.9)	(483.5)	465.7	437.5	(38.2)	(46.0)

The scheme liabilities have a duration of approximately 16 years.

MOVEMENT IN NET DEFINED BENEFIT LIABILITY - MAG (STAL) SCHEME

	Defined benefit obligation		Fair vo		Net defined benefit liability	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Opening position as at 1 April	(195.0)	(189.2)	172.5	161.4	(22.5)	(27.8)
Included in the income statement						
Current service cost of defined benefit scheme	(6.1)	(6.2)	(0.6)	(O.3)	(6.7)	(6.5)
Past service cost Interest (cost)/income	(0.1) (5.0)	(5.2)	- 4.5	- 4.4	(0.1) (0.5)	(O.8)
	(11.2)	(11.4)	3.9	4.1	(7.3)	(7.3)
Amount recognised in the statement of comprehensive income (SOCI)						
Actual return less expected return on pension scheme assets	-	_	6.0	3.6	6.0	3.6
Experience (loss)/gain arising on scheme liabilities	(0.1)	(0.3)	-	-	(0.1)	(0.3)
Remeasurement (loss)/gain due to financial assumpion changes Remeasurement gain due to demographic assumption changes	(14.4) 6.2	5.2 0.1	-	- -	(14.4) 6.2	5.2 0.1
	(8.3)	5.0	6.0	3.6	(2.3)	8.6
Cash flows						
Contributions Benefits paid	(1.3) 6.0	(1.2) 1.8	8.6 (6.0)	5.2 (1.8)	7.3 -	4.0
Closing position as at 31 March	(209.8)	(195.0)	185.0	172.5	(24.8)	(22.5)

The scheme liabilities have a duration of approximately 25 years.

^{*} The opening position excludes the impact of the asset ceiling
** The movement of $\mathfrak{L}3.3 \mathrm{m}$ in addition to the $\mathfrak{L}0.2 \mathrm{m}$ change in asset ceiling results in a total movement of $\mathfrak{L}3.5 \mathrm{m}$ through the SOC1.

Notes to the financial statements continued for the period ended 31 March 2019

26. RETIREMENT BENEFITS CONTINUED

MOVEMENT IN NET DEFINED BENEFIT LIABILITY - EMIA SCHEME

	Defined benefit obligation			value ne assets	Net defined benefit liability	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Opening position as at 1 April	(80.1)	(82.5)	61.3	59.9	(18.8)	(22.6)
Included in the income statement						
Current service cost of defined benefit scheme	(0.9)	(1.1)	(0.6)	(0.2)	(1.5)	(1.3)
Past service cost Interest (cost)/income	(0.2) (2.0)	(2.2)	- 1.6	1.6	(0.2) (0.4)	(O.6)
	(3.1)	(3.3)	1.0	1.4	(2.1)	(1.9)
Amount recognised in the statement of comprehensive income (SOCI)						
Actual return less expected return on pension scheme assets	-	-	0.6	0.6	0.6	0.6
Experience (loss)/gain arising on scheme liabilities	(0.1)	0.3	-	-	(0.1)	0.3
Remeasurement (loss)/gain due to financial assumpion changes Remeasurement gain due to demographic assumption changes	(4.7) 0.9	1. <i>7</i> 1.9	-	-	(4.7) 0.9	1. <i>7</i> 1.9
	(3.9)	3.9	0.6	0.6	(3.3)	4.5
Cash flows						
Contributions Benefits paid	(0.3) 4.6	(0.3) 2.1	3.6 (4.6)	1.5 (2.1)	3.3	1.2
Closing position as at 31 March	(82.8)	(80.1)	61.9	61.3	(20.9)	(18.8)

The scheme liabilities have a duration of approximately 20 years.

MOVEMENT IN NET DEFINED BENEFIT LIABILITY - AVPS SCHEME

	Defined benefit obligation		Fair of schen	value ne assets	Net defined benefit liability	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Opening position as at 1 April	(3.0)	(3.1)	3.9	4.0	0.9	0.9
Included in the income statement						
Current service cost of defined benefit scheme	-	-	(0.2)	-	(0.2)	-
Past service cost Interest (cost)/income	– (0.1)	- (O.1)	0.1	0.1	-	
	(0.1)	(0.1)	(0.1)	0.1	(0.2)	_
Amount recognised in the statement of comprehensive income (SOCI)						
Actual return less expected return on pension scheme assets	-	-	0.1	(O.1)	0.1	(O.1)
Experience (loss)/gain arising on scheme liabilities Remeasurement (loss)/gain due to financial assumption changes Remeasurement gain due to demographic assumption changes	(0.1) -	- 0.1 -	- - -	- - -	(0.1) -	- 0.1 -
	(0.1)	0.1	0.1	(0.1)	-	_
Cash flows						
Contributions	_	_	_	_	-	_
Benefits paid	0.2	0.1	(0.2)	(O.1)	-	_
Closing position as at 31 March	(3.0)	(3.0)	3.7	3.9	0.7	0.9

The AVPS has a surplus of £0.7m (2018: £0.9m). This surplus has not been recognised in line with 'IFRIC 14' as the surplus cannot be recovered by reducing future contributions.

26. RETIREMENT BENEFITS CONTINUED

HISTORY OF EXPERIENCE GAINS AND LOSSES

	GN	1PF	MAG	(STAL)	EM	IA	AV	'PS	Toto	ıl
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Difference between actual and expected returns on assets amount	28.9	1.0	6.0	3.6	0.6	0.6	(0.1)	(0.1)	35.4	5.1
% of scheme assets	6.2%	0.2%	3.2%	2.1%	1.0%	1.0%	(2.6%)	(2.6%)	4.9%	0.8%
Experience (loss)/gain on liabilities amount	(0.7)	(2.3)	(0.1)	(0.3)	(0.1)	0.3	_	_	(0.9)	(2.3)
% of scheme liabilities	0.1%	0.5%	0.0%	0.2%	0.1%	(0.4%)	_	_	0.1%	0.3%
Total amount recognised in SOCI % of scheme liabilities	8.9 (1.8%)	8. <i>7</i> (1.8%)	(2.3) 1.1%	8.6 (4.4%)	(3.3) 4.0%	4.5 (5.6%)	-	- -	3.3** (0.4%)	21.8 (2.9%)

The estimated amount of contributions expected to be paid to the schemes during the financial year to 31 March 2020 is £15.2m (2018: £15.3m).

SENSITIVITY ANALYSIS

 $The \ sensitivities \ regarding \ the \ principal \ assumptions \ used \ to \ measure \ the \ scheme \ liabilities \ are \ set \ out \ below:$

	GMPF	MAG (STAL)	EMIA	AVPS	Total
	2019	2019	2019	2019	2019
	£m	£m	£m	£m	£m
0.5% increase in real discount rate 0.5% decrease in real discount rate	(42.2)	(26.4)	(8.1)	(0.3)	(77.0)
	48.1	31.2	9.3	0.4	89.0
0.5% increase in rate of RPI inflation	47.8	30.9	6.8	0.4	85.9
0.5% decrease in rate of RPI inflation	(39.7)	(23.4)	(5.1)	(0.3)	(68.5)
0.5% increase in the salary increase rate 0.5% decrease in the salary increase rate	8.5 (8.1)	11.4 (10.8)	_	N/A N/A	19.9 (18.9)
1 year increase in life expectancy 1 year decrease in life expectancy	17.4	6.1	3.0	0.1	26.6
	(17.4)	(6.1)	(3.0)	(0.1)	(26.6)

27. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the Group and movements in relation to them during the current and

	Accelerated	Investment properties and operational assets	Retirement	Fair value	Short term	
	capital allowances £m	carried at deemed cost £m	benefit obligations £m	acquisition adjustment £m	timing differences £m	Total £m
At 1 April 2018 (Credit)/charge to income (Credit) to equity	111.4 (1.5)	74.0 3.9	(14.8) - 0.6	34.2 (2.3)	0.6 2.8	205.4 2.9 0.6
At 31 March 2019	109.9	77.9	(14.2)	31.9	3.4	208.9
At 1 April 2017 (Credit)/charge to income (Credit) to equity	111.8 (0.4)	85.3 (11.3) -	(17.8) (0.7) 3.7	38.6 (4.4)	(0.7) 1.3	217.2 (15.5) 3.7
At 31 March 2018	111.4	74.0	(14.8)	34.2	0.6	205.4

for the period ended 31 March 2019

27. DEFERRED TAXATION CONTINUED

Deferred tax assets and liabilities have been offset in the disclosure above. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2019 £m	2018 £m
Deferred tax liabilities	(223.1)	(220.2)
Deferred tax assets	14.2	14.8
	(208.9)	(205.4)

28. OTHER NON-CURRENT LIABILITIES

	2019	2018
	£m	£m
Accruals and deferred income	4.5	4.7
Capital-based grants	14.6	7.2
	19.1	11.9

29. SHARE CAPITAL AND SHARE PREMIUM

	Ordinary shares of £1 each			
	Number of shares ('000)	Share capital £m	Share premium £m	Total £m
Issued, called up and fully paid At 31 March 2018	300.0	0.3	2,493.9	2,494.2
Issue of Shares	175,000.0	175.0	175.0	350.0
At 31 March 2019	175,300.0	175.3	2,668.9	2,844.2

During the year, 175.0m £1 ordinary shares were issued, attracting a share premium of £175.0m.

30. RESERVES

	Other reserve £m	Retained earnings £m	Total £m
At 1 April 2018	(1,249.6)	582.1	(667.5)
Remeasurement of retirement benefit liabilities	_	3.5	3.5
Deferred tax on remeasurement of retirement benefit liabilities	_	(0.6)	(0.6)
Result for the year	-	191.2	191.2
At 31 March 2019	(1,249.6)	776.2	(473.4)
		2019 £m	2018 £m
Reconciliation of movements in shareholders' funds			
Reconciliation of movements in shareholders' funds Opening shareholders' funds Total recognised income for the year		£m	£m
Opening shareholders' funds		£m	£m 2,284.6
Opening shareholders' funds Total recognised income for the year		£m 1,826.7 194.1	£m 2,284.6 161.2

31. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	2019	2018
	£m	£m
Capital expenditure that has been contracted for but has not been provided for in the financial statements	155.3	225.8

The Group has performance bonds and other items arising in the normal course of business amounting to £2.8m at 31 March 2019 (2018: £1.1m).

32. OPERATING LEASE ARRANGEMENTS

At 31 March 2019 the Group had commitments under non-cancellable operating leases which expire as follows:

	2019 Land	2019 Other	2018 Land	2018 Other
	£m	£m	£m	£m
Expiring within one year	5.0	8.4	3.0	8.1
Expiring in more than one year but within five years	20.9	29.0	11.4	29.8
Expiring in over five years	251.3	125.3	60.7	225.6
	277.2	162.7	<i>7</i> 5.1	263.5

In preparation for the adoption of IFRS 16 in the financial year ending 31 March 2020 the Group has reviewed their operating lease commitments in place. The review identified elements of contingent rent amounts within the 2018 accounts. These figures have been recalculated to exclude the contingent rent amounts in accordance with the requirements of IAS17.

A significant portion of the commitments stated as 'other' relates to an electricity distribution agreement with UK Power Networks. The amounts disclosed within the table are the minimum amounts payable (base fee) under the agreement, and have been discounted at the Group's incremental borrowing rate.

The Group has a commitment in respect of a land lease with The Council of the City of Manchester (MCC), a related party as described in Note 33. The amount payable on the ground rent leases is a base fee of £2.8m (2018: £1.0m) which is included within the table above and increasing with inflation linked to CPI. The main lease with MCC is variable based on turnover and rental per sq foot with no base fee or minimum commitment, and therefore is not included in the table above. The amount charged to operating profit across all leases with MCC in the year was £13.2m (2018: £11.3m). The lease expires in 2085.

As noted above, the Group also has a commitment in respect of an electricity distribution agreement with UK Power Networks (formerly EDF Energy Plc). The total amount payable on the lease is a base fee of £8.1m (included within the table above and increasing with inflation), plus a volume and recharge element adjusted annually for inflation. The total amount charged to operating profit in the year was £10.9m (2018: £10.5m). The lease expires in 2083.

33. RELATED PARTY TRANSACTIONS

TRANSACTIONS INVOLVING THE COUNCIL OF THE CITY OF MANCHESTER AND THE NINE OTHER GREATER MANCHESTER LOCAL AUTHORITIES

The Council of the City of Manchester (MCC) is a related party to Manchester Airport Group Investments Limited as MCC owns 35.5% of the share capital of Manchester Airports Holdings Limited, the ultimate parent company.

Included in external charges are charges for rent and rates amounting to £25.1m (2018: £27.0m) and other sundry charges of £0.3m (2018: £0.6m). The majority of these amounts are due to MCC. The remainder are collected by MCC and distributed to the other local authorities, each of which is a related party to Manchester Airport Group Investments Limited through its shareholding in Manchester Airports Holdings Limited, the ultimate parent company.

33. RELATED PARTY TRANSACTIONS CONTINUED

TRANSACTIONS INVOLVING IFM

Industry Funds Management (IFM), through its subsidiary, is a related party to Manchester Airport Group Investments Limited as IFM owns 35.5% of the share capital of Manchester Airports Holdings Limited, the ultimate parent company. During the year the MAGIL Group did not enter into any transactions with IFM.

TRANSACTIONS INVOLVING MANCHESTER AIRPORTS HOLDINGS LIMITED

Manchester Airports Holdings Limited (MAHL) is the ultimate parent company of Manchester Airport Group Investments Limited. During the year the MAGIL Group entered into the following transactions with MAHL:

As at 31 March 2019 the amount of loans outstanding owed by MAHL was £737.6m (2018: £544.2m), relating to cash transferred by the MAGIL Group to MAHL for dividend payments made by MAHL to its shareholders, and interest on the unpaid balance. Included within finance income is interest on loans outstanding owed by MAHL of £14.0m (2018: £8.8m).

TRANSACTIONS INVOLVING MANCHESTER AIRPORT FINANCE HOLDINGS LIMITED (MAFHL)

Manchester Airport Finance Holdings Limited (MAFHL) is the parent company of Manchester Airport Group Investments Limited. During the year the MAGIL Group entered into the following transactions with MAFHL:

As at 31 March 2019 the amount of loans outstanding owed by MAFHL was £192.4m (2018: £143.8m), relating to interest payments on shareholder loans held outside of the MAGIL Group.

TRANSACTIONS INVOLVING AIRPORT CITY (MANCHESTER) LIMITED

Airport City (Manchester) Limited is a fellow Group company of the MAHL Group.

As at 31 March 2019 the balance outstanding owed by Airport City (Manchester) Limited was £43.1m (2018: £46.1m), relating to the transfer of assets and funding. During the year Airport City (Manchester) Limited repaid funding of £3.0m (2018: repaid funding of £8.3m).

TRANSACTIONS INVOLVING MAG INVESTMENTS US LIMITED AND ITS SUBSIDIARIES (MAG USA)

MAG Investments US Limited and its subsidiaries (MAG USA) are fellow Group companies of the MAHL Group. During the year the MAGIL Group entered into the following transactions with MAG USA:

As at 31 March 2019 the balance outstanding owed by MAG USA was £24.3m (2018: £17.3m), relating to funding provided by the MAGIL Group. During the year the MAGIL Group provided funding of £5.8m (2018: £4.3m).

34. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2018 £m	Cash flow £m	non-cash movements £m	2019 £m
Cash at bank and in hand Cash on short term deposit	10.6	12.8	_ _	23.4
Cash and cash equivalents disclosed on the statement of financial position Overdrafts	10.6	12.8	-	23.4
Total cash and cash equivalents (including overdrafts) Current debt Non-current debt	10.6 - (1,095.3)	12.8 - (135.4)	- - -	23.4 - (1,230.7)
Net debt	(1,084.7)	(122.6)	_	(1,207.3)

35. POST BALANCE SHEET EVENTS

On 9 May 2019 the Group issued a £350m bond with a coupon rate of 2.875% and a legal maturity date of 30 September 2044.

Company financial statements

ACCOUNTING POLICIES

Manchester Airports Group Investments Limited (the 'Company') is a company limited by shares and incorporated and domiciled in England.

These revised financial statements present information about the Company as an individual undertaking and not about its Group.

These revised 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 FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the revised financial statements have been rounded to the

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

- statement of cash flows and related notes;
- key management personnel compensation; and
- related parties
- reconciliation of the number of shares outstanding from the beginning to the end of the period

Furthermore, as the consolidated financial statements of Manchester Airports Group Investments Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

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

REVISION BY REPLACEMENT

These revised parent Company financial statements for the year ended 31 March 2019 replace the original financial statements for that year, which had been approved on 4 July 2019.

These revised parent Company financial statements and the Group financial statements (that are not revised) together are now the statutory financial statements for that year.

The revised parent Company financial statements have been prepared as at the date on which the original financial statements were approved by the board of directors and not as at the date of the revision and accordingly do not deal with events between those dates.

Details of the revisions to the accounts are set out below. These items have impacted on the reserves and net assets in the parent Company-only financial statements, however with no impact on the Manchester Airport Group Investments Limited consolidated financial statements which remain unchanged. There is no impact to revenue or cash in either the consolidated financial statements or the parent Company financial statements.

The original parent Company financial statements failed to comply with the Companies Act 2006 in as much as they did not recognise the receipt of a dividend from a subsidiary undertaking immediately prior to the year end of £4,630.0m, or a prior period adjustment to correct an impairment of £2,107.6m in the carrying value of the cost of investment in that same subsidiary, to occur in the current year, when the dividend was received, rather than the prior year. Upon subsequent preparation of the subsidiary's financial statements these amendments were identified and the decision was taken to revise the parent Company financial statements which at that time had not been filed at Companies House.

The amendments in respect of these matters were to increase the amount owed by subsidiary undertakings by £41.4m and reduce the amount owed to subsidiary undertakings by £4,588.6m in the statement of financial position at 31 March 2019; record £2,174.9m income in respect of the dividend (after allowing for £2,455.1m diminution in the value of the dividend paying subsidiary as a consequence of that dividend) in other comprehensive income for the year ended 31 March 2019, as recorded in the amount of the result for that year reflected in the parent Company's statement of changes in equity; to show an increase in opening total equity at 1 April 2018 by £2,107.6m; and to restate the comparative profit and loss account recorded in the amount of the result for that year reflected in the parent Company's statement of changes in equity for the year ended 31 March 2018 to remove a £2,107.6m impairment.

MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis.

FUNCTIONAL CURRENCY

The Company's functional and presentation currency is the Pound Sterling.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried at cost less provision for diminution in value.

AMOUNTS OWED TO SUBSIDIARY UNDERTAKINGS

Intercompany balances are stated at historic cost.

INTEREST PAYABLE

Interest payable is recognised in the income statement as it accrues, using the effective interest method.

Statement of financial position

for the year ended 31 March 2019

	Note	2019 £m revised	2018 £m restated
ASSETS			
Non-current assets			
Investments	3	4,627.7	7,082.8
		4,627.7	7,082.8
CURRENT ASSETS			
Trade and other receivables	4	1,063.0	671.6
		1,063.0	671.6
LIABILITIES Current liabilities			
Trade and other payables	5	(619.1)	(5,207.7)
NET CURRENT LIABILITIES		443.9	(4,536.1)
NET ASSETS		5,071.6	2,546.7
Capital & reserves			
Share capital	6	175.3	0.3
Share premium		2,668.9	2,493.9
Retained earnings		2,227.4	52.5
TOTAL EQUITY		5,071.6	2,546.7

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 71 to 75 were approved by the Board of Directors on 30 September 2019 and signed on its behalf by:

Neil Thompson

Chief Financial Officer

30 September 2019

Nin Mongon

For and on behalf of the Board of Directors

Statement of changes in equity

for the year ended 31 March 2019

	Share capital £m	Share premium £m	Retained earnings £m restated	Total £m
Balance at 1 April 2018				
- As previously reported	0.3	2,493.9	(2,055.1)	439.1
- Prior year adjustment			2,107.6	2,107.6
As restated	0.3	2,493.9	52.5	2,546.7
Total comprehensive income/(expense) for the year				
Issue of shares	175.0	175.0	-	350.0
Dividend Received			2,174.9	2,174.9
Result for the year	-	-	-	-
	175.0	175.0	2,174.9	2,524.9
Balance at 31 March 2019	175.3	2,668.9	2,227.4	5,071.6

Statement of changes in equity

for the year ended 31 March 2018

	Share capital £m	Share premium £m	Retained earnings £m restated	Total £m
Balance at 1 April 2017	0.3	2,493.9	-	2,494.2
Total comprehensive income/(expense) for the year Result for the year				
- As previously reported	-	-	(1,436.0)	(1,436.0)
- Prior year adjustment	-	-	2,107.6	2,107.6
As restated	-	-	671.6	671.6
Transactions with owners rewarded directly in equity				
Dividends paid	-	-	(619.1)	(619.1)
Balance at 31 March 2018	0.3	2,493.9	52.5	2,546.7

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

for the year ended 31 March 2019

1. AUDITOR'S REMUNERATION

Amounts receivable by the Company's auditor and the auditor's associates in respect of services to the Company and the Company's subsidiaries, have not been disclosed as the information has been disclosed on a consolidated basis as noted on page 47.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

As permitted by Section 408 of the Companies Act, the Company is exempt from the requirement to present its own profit and loss account. As shown in the statement of changes in equity, the result attributable to the Company is a profit of £nil (2018: £671.6m).

3. INVESTMENTS

	Subsidiary
	undertakings £m
	Restated
Cost	
At 1 April 2018	7000
As previously reported	7,082.8 0.0
Prior year adjustment	
As restated	7,082.8
At 31 March 2019	7,082.8
Impairment	
At 1 April 2018	
As previously reported	2,107.6
Prior year adjustment	(2,107.6)
As restated	0.0
Impairment of investment in subsidiary	2,455.1
At 31 March 2019	2,455.1
Net book value At 1 April 2018	7,082.8
At 31 March 2019	4,627.7

4. TRADE AND OTHER RECEIVABLES

	2019	
	£m	2018
	Revised	£m
Amounts owed by subsidiary undertakings	1,063.0	671.6
	1,063.0	671.6

Amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand.

5. TRADE AND OTHER PAYABLES

	2019	
	£m	2018
	Revised	£m
Amounts owed to Parent Company	619.1	619.1
Amounts owed to subsidiary undertakings	-	4,588.6
	619.1	5,207.7

Amounts owed to subsidiary has been settled in the year by a dividend payment.

6. CALLED UP SHARE CAPITAL

	Number ('000)	2019 £m	2018 £m
Issued, called up and fully paid Ordinary shares of £1 each	175,300	175.3	0.3
TOTAL EQUITY		175.3	0.3

7. SUBSIDIARY UNDERTAKINGS

Proportion of nominal value of issued shares

		held by:		_	
Name of undertaking	Description of shares held	Group	Company P	rincipal activity	
Airport Advertising Limited ¹	Ordinary £1 shares	100%	N	Non trading	
Airport Petroleum Limited ¹	Ordinary £1 shares	100%	N	Von trading	
Bainsdown Limited ³	Ordinary £1 shares	100%	P	roperty holding company	
East Midlands Airport Core Property Investments Limited ¹	Ordinary £1 shares	100%	٨	Von trading	
East Midlands Airport Nottingham Derby Leicester Limited ¹	Ordinary £1 shares	100%	Λ	ntermediate holding company of East Aidlands International Airport Limited and Journemouth International Airport Limited	
East Midlands Airport Property Investments (Hotels) Limited ¹	Ordinary £1 shares	100%	lr	nvestment property holding company	
East Midlands Airport Property Investments (Industrial) Limited ¹	Ordinary £1 shares	100%	lr	nvestment property holding company	
East Midlands Airport Property Investments (Offices) Limited ¹	Ordinary £1 shares	100%	lr	nvestment property holding company	
East Midlands International Airport Limited ²	Ordinary £1 shares	100%	А	sirport operator	
	9% cumulative redeemable preference shares				
Manchester Airport Aviation Services Limited ³	Ordinary £1 shares	100%	lr	nvestment holding company	
Manchester Airport Group Finance Limited ¹	Ordinary £1 shares	100%	lr	nvestment holding company	
Manchester Airport Group Funding Plc ¹	Ordinary £1 shares	100%	lr	nvestment holding company	
Manchester Airport Group Property Developments Limited ¹	Ordinary £1 shares	100%	Pi	roperty development company	
Manchester Airport Group Property Services Limited ¹	Ordinary £1 shares	100%	P	roperty management company	
MAG Airport Ltd ¹	Ordinary £1 shares	100%	Tı	rading company	
MAG Investment Assets Ltd³	Ordinary £1 shares	100%	lr	nvestment holding company	
Manchester Airport Plc ¹	Ordinary £1 shares	100%	А	sirport operator	
Manchester Airport Property Investments (Hotels) Limited ¹	Ordinary £1 shares	100%	lr	nvestment property holding company	
Manchester Airport Property Investments (Industrial) Limited ¹	Ordinary £1 shares	100%	lr	nvestment property holding company	
Manchester Airport Property Investments (Offices) Limited ¹	Ordinary £1 shares	100%	lr	nvestment property holding company	
Manchester Airport Ventures Limited ³	Ordinary £1 shares	100%	A	ntermediate holding company for Airport Advertising Limited and Airport Petroleum imited	
Ringway Developments Plc ¹	Ordinary £1 shares	100%	P	roperty holding company	
Ringway Handling Limited ³	Ordinary £1 shares	100%	N	Non trading	
Ringway Handling Services Limited ³	Ordinary £1 shares	100%	N	Von trading	
Stansted Airport Limited ⁴	Ordinary £1 shares	100%	А	sirport operator	
Worknorth Limited ¹	7% cumulative redeemable preference shares	100%	N	Non trading	
	Ordinary £1 shares				
Worknorth II Limited ³	7% cumulative redeemable preference shares	100%		Non trading	

All the above companies operate in their country of incorporation or registration, which is England and Wales.

- The registered office addresses for each of the above companies are listed below:
- Olympic House, Manchester Airport, Manchester, M90 1QX.
 Building 34, East Midlands Airport, Castle Donington, Derby DE74 2SA.
 PO Box 532, Town Hall, Albert Square, Manchester, M60 2LA.
- 4. Enterprise House, Bassingbourn Road, Stansted Airport, Essex, CM24 1QW

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