

The Manchester Airport Group PLC

Annual report and financial statements

Registered number 4330721

Year ended 31 March 2016

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Strategic report

The directors present their strategic report of the Company for the year ended 31 March 2016.

Principal activities

The principal activity of the Company during the year was a service provider to the Group and an intermediate holding company. This is expected to continue for the foreseeable future.

Business review

The results for the year are set out on page 7. The directors do not recommend the payment of a dividend for the year ended 31 March 2016 (2015: £nil).

Principal risks and uncertainties

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

Key performance indicators ("KPIs")

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

By order of the Board



N Thompson

Director

27 September 2016

Directors' report

The directors present their directors' report and audited financial statements of the Company for the year ended 31 March 2016.

Directors

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

C Cornish
N Thompson

Employees

The Company's employment policies are regularly reviewed and updated by the Board.

The Company is committed to providing equality of opportunity to all employees and potential employees. The Company gives full and careful consideration to applications for employment from all people regardless of their sex, ethnic origin, nationality, sexuality, age, disability or religious beliefs, bearing in mind the respective aptitudes and abilities of the applicant concerned. This also applies to training and promotion within the Company.

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Diversity

The Company provides services for a changing and diverse society and the Board of Directors considers that to provide the best services for our customers it is essential that the Company embraces diversity in the workforce. Accordingly, the Company has a programme of activity that aims to ensure that these objectives are achieved.

Consultation and Communication

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. At regular intervals all employees are invited to take part in a Company-wide survey of employee views. Employees received a written summary of the results of the survey and are given the opportunity to discuss these with their respective management teams.

The Company is constantly looking for ways to ensure that employees are able to participate and engage in the business. As part of the Trade Union recognition arrangements various employee forums exist for each business area. In addition, business briefings are cascaded throughout the organisation to communicate key business and operational issues.

Financial Risk Management

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

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

For more details of the management of these risks please refer to page 29 of the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any additional risks specific for this Company.

Directors' report (continued)

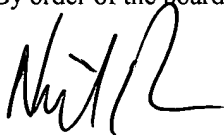
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



N Thompson

Director

27 September 2016

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

One St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of The Manchester Airport Group PLC

We have audited the financial statements of The Manchester Airport Group PLC for the year ended 31 March 2016 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report, the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

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

 28 September 2016

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

Income Statement and Other Comprehensive Income
for the year ended 31 March 2016

	<i>Note</i>	2016	2015
		£000	£000
Revenue	2	48,942	44,989
Operating Costs		<u>(52,665)</u>	<u>(49,157)</u>
Operating loss before significant items	3	(3,723)	(4,168)
Restructuring costs	3	<u>(2,461)</u>	<u>(467)</u>
Operating loss		(6,184)	(4,635)
Interest receivable and similar income	6	204	208
Interest payable and similar charges	7	<u>-</u>	<u>(49)</u>
Loss on ordinary activities before taxation		(5,980)	(4,476)
Tax on loss on ordinary activities	8	<u>(2,582)</u>	<u>(2,043)</u>
Loss for the financial year		(8,562)	(6,519)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss for the financial year		(8,562)	(6,519)

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

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

Statement of Financial Position
at 31 March 2016

	Note	2016	2015
		£000	£000
Non-current assets			
Investments	9	2,257,636	2,257,636
Deferred tax assets		1,037	919
		2,258,673	2,258,555
Current assets			
Trade and other receivables	10	376,455	287,303
Cash at bank and in hand		22,605	3,244
Current liabilities	11	399,060 (353,168)	290,547 (235,975)
Net current assets		45,892	54,572
Net assets		2,304,565	2,313,127
Capital and reserves			
Called up share capital	13	204,580	204,580
Share premium	14	2,143,945	2,143,945
Retained earnings	14	(43,960)	(35,398)
Shareholders' funds		2,304,565	2,313,127

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

These financial statements of Manchester Airport Group PLC, registered number 4330721, were approved by the board of directors on 27 September 2016 and were signed on its behalf by:



N Thompson
Director

Statement of Changes in Equity
for the year ended 31 March 2016

	Called up Share capital	Share Premium account	Retained Earnings	Total equity
	£000	£000	£000	£000
Balance at 1 April 2015	204,580	2,143,945	(35,398)	2,313,127
Total comprehensive income for the period				
Profit or loss	-	-	(8,562)	(8,562)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(8,562)	(8,794)
Balance at 31 March 2016	204,580	2,143,945	(43,960)	2,304,565

	Called up Share capital	Share Premium account	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 April 2014	204,580	2,143,945	(28,879)	2,319,646
Total comprehensive income for the period				
Profit or loss	-	-	(6,519)	(6,519)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,519)	(6,519)
Balance at 31 March 2015	204,580	2,143,945	(35,398)	2,313,127

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

Notes

(forming part of the financial statements)

1 Accounting policies

The Manchester Airport Group PLC (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to 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 financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 18.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease incentives – for leases commenced before 1 April 2014 the Company continued to account for lease incentives under previous UK GAAP.

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

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

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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

As the consolidated financial statements of Manchester Airports Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available 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 Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

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

The following paragraphs set out a summary of the going concern status of Manchester Airports Holdings Limited.

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

After making enquiries and considering all available information, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

1.3 Foreign Currency

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

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement account within other operating costs.

1.4 Classification of financial instruments issued by the Company

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

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

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

Notes (continued)

1 Accounting policies (continued)

1.5 Basic financial instruments

Trade and other receivables / payables

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

Interest-bearing borrowings classified as basic financial instruments

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Investments in subsidiaries

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

1.6 Revenue

Revenue, which excludes value added tax, represents amounts received and receivable by the Company for Group services provided in the normal course of business to other Group companies.

1.7 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution plans and other long term employee benefits

The Company operates a defined contribution pension scheme for all qualifying employees. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement account in the periods during which services are rendered by employees. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Annual bonus plan

The Company operates a number of annual bonus plans for employees. An expense is recognised in the income statement account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Notes (continued)

1 Accounting policies (continued)

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Lease incentives received are recognised in income statement over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and finance charges.

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

1.9 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 Company's underlying financial performance. Such items include impairment of assets, major reorganisation of businesses and integration costs associated with significant acquisitions.

1.10 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.11 Critical Accounting Estimates and Judgements

In applying the Company's accounting policies, the Company have made estimates and judgements, concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may, however, differ from the estimates calculated and management believe that the following are the more significant judgements impacting these financial statements.

Notes (continued)

2 Revenue

The directors consider the business to have only one segment. Revenue relates to group recharges. All of the Company's revenue arises in the United Kingdom.

3 Notes to the income statement

	2016 £000	2015 £000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Hire of other assets - operating leases	131	158
Restructuring costs (1)	2,461	467

(1) The restructuring costs are in respect of a restructuring programme across the Group.

Auditors 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 is instead disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Manchester Airports Holdings Limited.

4 Remuneration of directors

N Thompson and C Cornish were directors of Manchester Airports Holdings Limited during the year and their aggregated 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 Airports Holdings Limited Group based on services provided.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Management & Administrative	370	333
	<u>370</u>	<u>333</u>

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	27,484	26,559
Social security costs	2,070	1,811
Other pension costs	1,643	1,670
	<u>31,197</u>	<u>30,040</u>

6 Other interest receivable and similar income

	2016	2015
	£000	£000
Interest receivable	183	208
Interest receivable from fellow Group undertakings	21	-
	<u>204</u>	<u>208</u>

7 Interest payable and similar charges

	2016	2015
	£000	£000
Interest payable on bank loans and overdrafts	-	49
	<u>-</u>	<u>49</u>

Notes (continued)

8 Taxation

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

	2016 £000	2016 £000	2015 £000	2015 £000
<i>UK Corporation tax</i>				
Current tax on income for the period	1,600		1,703	
Adjustments in respect of prior periods	1,100		500	
Total current tax		2,700		2,203
<i>Deferred tax</i>				
Temporary differences arising in the period	2		1	
Adjustment in respect of previous years	(236)		(161)	
Effect of change in rate of Corporation tax	116		-	
Total deferred tax		(118)		(160)
Tax on loss on ordinary activities		2,582		2,043

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

	2016 Current tax £000	2016 Deferred tax £000	2016 Total tax £000	2015 Current tax £000	2015 Deferred tax £000	2015 Total tax £000
Recognised in income statement account	2,700	(118)	2,582	2,203	(160)	2,043
Total tax	2,700	(118)	2,582	2,203	(160)	2,043

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2016 £000	2015 £000
<i>Current tax reconciliation</i>		
Loss for the year	(8,562)	(6,519)
Total tax (income)/ expense	2,582	2,043
Loss on ordinary activities before tax	(5,980)	(4,476)
Loss on ordinary activities multiplied by the standard rate of Corporation tax 20% (2015: 21%)	(1,196)	(940)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,628	1,873
Utilisation of group losses	1,170	771
Effect of change in rate of corporation tax	116	-
Adjustments to tax charge in respect of previous periods	864	339
Total current tax charge (see above)	2,582	2,043

Factors that may affect future current and total tax charges

The Finance (No. 2) Bill 2015 was substantively enacted on 16 October 2015 and included reductions in the rate of corporation tax from 1 April 2017 of 1% to 19% and a further 1% to 18% from 1 April 2020.

The March 2016 Budget announced that the rate of corporation tax from 1 April 2020 will reduce by a further 1% to 17%. This further 1% reduction to 17% had not been substantively enacted by the balance sheet date.

Deferred tax balances at 31 March 2016 have therefore been calculated at 18%, 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.

Notes (continued)

9 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning of year	2,257,636
Additions	-
At end of year	2,257,636
Net book value	
At 31 March 2016	2,257,636
At 31 March 2015	2,257,636

At 31 March 2016 the Company held investments in the following subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activities	Class and Description of shares held	Percentage of shares held
Airport Advertising Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Airport Petroleum Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Bainsdown Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Bournemouth Airport Core Property Investments Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Bournemouth Airport Property Investments (Industrial) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
Bournemouth Airport Property Investments (Offices) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
Bournemouth International Airport Limited	England and Wales	Airport operator	Ordinary £1 shares	100%
East Midlands Airport Core Property Investments Limited	England and Wales	Non trading	Ordinary £1 shares	100%
East Midlands Airport Nottingham Derby Leicester Limited	England and Wales	Intermediate holding company of East Midlands International Airport Limited and Bournemouth International Airport Limited	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Hotels) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands Airport Property Investments (Industrial) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%

Notes (continued)

9 Fixed asset investments (continued)

Name of undertaking	Country of incorporation	Principal activities	Class and Description of shares held	Percentage of shares held
East Midlands Airport Property Investments (Offices) Limited	England and Wales	Investment property holding company	Ordinary £1 shares	100%
East Midlands International Airport Limited	England and Wales	Airport operator	Ordinary £1 shares	100%
			Non voting 9% preference shares	100%
Manchester Airport Aviation Services Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Airport Group Finance Limited	England and Wales	Intermediate holding company	Ordinary £1 shares	100%
Manchester Airport Group Funding Plc	England and Wales	Debt issuing company	Ordinary £1 shares	100%
Manchester Airport Group Property Developments Limited	England and Wales	Property development company	Ordinary £1 shares	100%
Manchester Airport Group Property Services Limited	England and Wales	Property development company	Ordinary £1 shares	100%
Manchester Airport PLC	England and Wales	Airport operator	Ordinary £1 shares	100%
Manchester Airport Property Investments (Hotels) Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Airport Property Investments (Industrial) Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Airport Property Investments (Offices) Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Manchester Ventures Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Ringway Developments PLC	England and Wales	Property development company	Ordinary £1 shares	100%
Ringway Handling Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Ringway Handling Services Limited	England and Wales	Non trading	Ordinary £1 shares	100%
Stansted Airport Limited	England and Wales	Airport operator	Ordinary £1 shares	100%
Worknorth Limited	England and Wales	Non trading	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%
Worknorth II Limited	England and Wales	Non trading	Ordinary £1 shares	100%
			Cumulative participating £1 preference shares	100%

Notes (continued)

10 Trade and other receivables

	2016 £000	2015 £000
Amounts owed by group undertakings	349,044	265,186
Amounts owed by group undertakings – interest bearing	504	483
Other receivables	3,390	1,270
Corporation tax	21,206	18,957
Prepayments and accrued income	2,311	1,407
	<u>376,455</u>	<u>287,303</u>

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

Amounts owed by group undertakings – interest bearing, represent a loan due to Manchester Airport Finance Holdings Limited; interest was calculated at a rate of 1.5% per annum above base rate.

11 Trade and other payables

	2016 £000	2015 £000
Trade payables	6,753	3,573
Amounts owed to group undertakings	311,974	202,256
Other payables	18,507	18,774
Accruals and deferred income	15,934	13,372
	<u>353,168</u>	<u>235,975</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Notes (continued)

12 Deferred tax assets and liabilities

	Differences between accumulated depreciation and capital allowances	Short term timing differences	Net tax assets / (liabilities)
	£000	£000	£000
At 1 April 2015	19	900	919
(Charge)/credit to income	(6)	124	118
At 31 March 2016	13	1,024	1,037

	Differences between accumulated depreciation and capital allowances	Short term timing differences	Net tax assets / (liabilities)
	£000	£000	£000
At 1 April 2014	18	741	759
(Charge)/credit to income	1	159	160
At 31 March 2015	19	900	919

	2016 £000	2015 £000
Deferred tax liabilities	-	-
Deferred tax assets	1,037	919
	1,037	919

13 Called up share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
204,580,000 Ordinary shares of £1 each	204,580	204,580

Notes (continued)

14 Reserves

2016	Share Premium account £000	Retained earnings £000	Total £000
At 1 April 2015	2,143,945	(35,398)	2,108,547
Loss for the year	-	(8,562)	(8,562)
At 31 March 2016	2,143,945	(43,960)	2,099,985
2015	Share Premium account £000	Retained earnings £000	Total £000
At 1 April 2014	2,143,945	(28,879)	2,115,066
Loss for the year	-	(6,519)	(6,519)
At 31 March 2015	2,143,945	(35,398)	2,108,547

15 Contingent liabilities

Under the Common Terms Agreement signed on 14 February 2014, the Company and a number of its fellow subsidiaries have entered into a security agreement with the Group's bondholders and bankers. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets.

Notes (continued)

16 Commitments

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

	2016 Land and buildings £000	Other £000	2015 Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	-	129	-	131
In the second to fifth years inclusive	-	193	-	201
Over five years	-	-	-	-
	<u>-</u>	<u>322</u>	<u>-</u>	<u>332</u>

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

The Company is a subsidiary undertaking of Manchester Airport Group Investments Limited. The smallest Group in which the results of the Company are consolidated is that headed by Manchester Airport Group Investments Limited. The Company's ultimate parent is Manchester Airports Holdings Limited. The consolidated financial statements of Manchester Airports Holdings Limited Group are available to the public and may be obtained from Company Secretary at Olympic House, Manchester Airport, Manchester M90 1QX, or via the website at www.magworld.co.uk.

18 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 statement of financial position, the Company has reviewed amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP and concluded that no changes to the numbers disclosed in the prior year accounts are required.

The disclosures in the notes have been updated where applicable to comply with FRS102.