Registered No: 2065958

Leeds Bradford Airport Limited

(Formerly Leeds Bradford International Airport Limited)

Report and Financial Statements

31 March 2016

Registered No: 2065958

Directors
M R Davy
P A C Fox
A Hallwood
J Parkin
P French
D Gornall (Resigned 17/08/2015)
S Whitby
R Gisby (Appointed 29/10/2015)

Secretary
A G Secretarial Ltd

Auditors
Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Bankers
The Royal Bank of Scotland plc
RBS North of England Corporate Banking Centre 1
Ashton House
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Bolton
BL1 8FH

Registered Office
Whitehouse Lane
Leeds
LS19 7TU

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Strategic Report

The Directors present their strategic report for the year ended 31 March 2016.

Key Financial Indicators

The key financial and other performance indicators during the year were as follows:

	2016 £000	2015 £000	Change %
Passenger numbers	**3,481**	3,329	5%
Turnover	**29,477**	27,688	6%
EBITDA	**7,668**	4,313	78%
Underlying EBITDA	**7,057**	5,115	38%

Business Overview

Underlying EBITDA excludes significant one off, non-recurring items.

Passengers, routes and services

Leeds Bradford Airport Limited ("LBA") saw passenger numbers increase by 5% during the year resulting in the delivery of record annual numbers of 3.48m. This record performance was delivered by 13 airline partners who served 64 destinations.

The year on year growth was primarily driven by a number of airlines delivering strong and improved load factors, in particular Ryanair and Monarch. Additionally Aer Lingus delivered increased passenger volume as a result of their first full year of operations on their Dublin service.

LBA has strong relationships with its incumbent airline partners. Key partners in 2016/17 were Jet2.com, Ryanair, Monarch, British Airways, Eastern Airways, Flybe, KLM, Aer Lingus, easyJet and Thomson.

In addition to our long term airline partners, we continue to develop new routes and introduce new operators with Vueling introducing a service to Barcelona. Other additional services introduced during the year were Kefalonia and increased volume on existing services, while the Copenhagen and Islamabad services ceased.

Passenger numbers in the 2016/17 financial year are expected to exceed those delivered in the year ended 31 March 2016. Looking beyond 2016/17 LBA has already secured significant capacity growth from Jet2.com and Ryanair for summer 2017 with the majority of this capacity already being on sale.

Strategic Report (Continued)

Turnover

The strong passenger performance over prior year has contributed to turnover increasing by 6%. In addition to passenger volume growth LBA has delivered increased non-aeronautical turnover per passenger across retail and car parking revenue. Key areas of improvement were the continued success of LBAs in-house Premier Lounge and the ongoing development of premium car park revenue streams such as Mid Stay, Meet and Greet and the introduction of a Premium Short Stay product.

The Board will continue to explore the opportunity of bringing functions and revenue streams in-house where a clear case can be made to do so. As such LBA opened its first in-house retail outlet (Cargo Travel Essentials) in 2015/16, which is located within the departure lounge. Additionally LBA completed the first full years trading of its in-house advertising function and has strategically invested in digital screens throughout the site to drive revenue.

Operating costs

Continuing the theme of bringing functions in-house, 2015/16 has seen LBA invest in a strengthened facilities maintenance team in order to reduce its reliance on external contractors whilst at the same time reducing cost base. Additionally, LBA brought the security function in-house from 1 March 2016 having previously been managed by Omni Serv. The employees were transferred into a subsidiary of LBA (LBA Security Services Limited), the results are disclosed in the subsidiary accounts.

During the course of 2015/16 operating costs were impacted by a number of one off, non-recurring items totalling a credit of £611K (2015: debit of £802K).

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation)

EBITDA was materially (78%) ahead of prior year driven by the increased turnover and reduced operating costs described above. When adjusted for one off, non-recurring items being a credit of £611K (2015: debit £802K), underlying EBITDA was 38% ahead of prior year.

Investments

Key capital investments in 2015/16 included additional boarding gates to service passenger growth, a second security body scanner, digital advertising screens to drive revenue and the commencement of asset replacement projects including radar displays, car parking barriers and terminal flooring.

Planning and capacity development

Current terminal capacity provides for over 4 million passengers, with incremental developments in the pipeline, which will ensure that the terminal, airfield and car park facilities meet anticipated demand.

LBA is working closely with local authorities and other stakeholders to enhance the economic role of LBA in the Leeds City Region, including utilising the connectivity

Strategic Report (Continued)

Planning and capacity development (continued)
benefits the airport brings to attract new business and leverage employment growth. This is taking shape through an integrated approach to land use planning and surface transport investment to LBA.

As part of its new Development Plan, Leeds City Council (LCC) has identified circa 36ha of land to the north of LBA as an economic hub for general employment, including a business park and logistics and freight operations. This allocation will be focused on attracting new investment to the city and in doing so enhance LBA as the key international gateway to the region. The Development Plan will be subject to independent examination before it is finally adopted at the end of 2017.

There is strong support politically to improve surface access to LBA, which has been recognised as a priority at a national and local level. LCC are in the process of developing a business case for a new road link to the airport from the city of Leeds. Works are due to start in 2021 and complete by 2024. Working alongside the West Yorkshire Combined Authority, LCC have also been assessing the potential to connect LBA to the Leeds-Harrogate Railway line. This work is ongoing and efforts are currently being focused on assessing the potential to deliver a new Parkway Station, a short distance to the south east of the airport.

Disclosure statements

Risk management

Management of risk forms part of the strategic and operational processes of LBA. Risk is assessed formally through the organisation and reported at regular intervals to the Risk Oversight Group (ROG) and escalated as required to the Safety Security Health & Environmental Committee (SSHE), the Audit Committee or the Board.

The Company maintains a Risk Register, which is regularly updated. The key corporate risks and mitigation profile are detailed below.

Liquidity Risk

The profile of debt outstanding at 31 March 2016 is disclosed within the notes to the financial statements.
The Company is a wholly owned subsidiary of LBIA Holding Limited and is included in the consolidated financial statements of LBIA Holding Limited, which are publically available. In the directors' opinion the Company's ultimate controlling party is Bridgepoint Capital (Nominees) Limited.
The Company and its parent undertaking will be operating under the terms of the existing Senior Facilities agreements until 30 April 2017 (or until such time any new facilities are negotiated and in place) and given current trading performance and forecasts the Company will continue to operate comfortably within the terms of the existing agreements.

Interest on the Senior Facilities is charged at LIBOR plus bank margin. The Company monitors its interest rate exposure regularly.

Strategic Report (Continued)

Security

Security of customers and staff is a priority for LBA. Security staff are trained to meet Department for Transport (DfT) and CAA requirements. LBA makes significant capital investment in the technology required to meet security requirements and during the course of the year invested in a second full body scanner. Close co-operation is maintained with government agencies and the police to ensure that the security regime is responsive to all changes in external threats.

During the course of the year LBA and West Yorkshire Police (WYP) extended the Police Services Agreement (PSA) between the two parties to 31 March 2019. This delivers a strategic police presence at LBA, which further mitigates security risk.

Health and safety

The health and safety of customers and staff is a key operational risk for LBA. Management are supported in the execution of their responsibilities through the provision of training, auditing and specialist advice. The assessment of health and safety risks is inbuilt into daily management routines and is monitored by a comprehensive structure of health and safety committees that in turn are overseen by the Board.

Environmental compliance

The industry faces increased scrutiny and transparency in regard to its responsibilities on environmental issues. LBA is accountable to the local planning authority and regulatory bodies in regard to noise and flight track movements and in monitoring surface water run-off. The airport regularly monitors the level of waste, carbon emissions and air quality and has held the ISO 14001 environmental standard since 2005.

Maintenance of mandatory certification

LBA has been audited by all Regulatory Departments (Aerodrome, Air Traffic Standards and Security) of the aviation safety regulator in accordance with all aspects of current national and European regulations.

By order of the Board

John Parkin
Director
20 September 2016

Registered No: 2065958

Directors' Report

The Directors present their report for the year ended 31 March 2016.

Directors

The Directors who have served during the year are listed before the contents page.

The Company is a wholly owned subsidiary of LBIA Holding Limited.

Allotted share capital

As at 31 March 2016 the issued share capital of the Company comprises 14,999,999 Ordinary shares of £1 each and 1 Special Rights Preference Share of £1.

Profits, dividends and transfers to reserves

The Company's loss for the year, after taxation, was £3,855,000 (2015: loss £8,011,000) which has been transferred to reserves. After adjusting for historic cost depreciation the loss after taxation was £1,384,000 (2015: loss £5,656,000).

During the year the Company did not pay a dividend (2015: £nil) and the Directors do not propose dividends for the year.

Future Developments

The Directors anticipate that in the 2016/17 financial year passenger numbers will exceed those delivered in the year ended 31 March 2016 and also anticipate that the Company will deliver an improved level of financial performance to that delivered in the year ended 31 March 2016. Looking beyond 2016/17 LBA has already secured significant capacity growth from Jet2.com and Ryanair for summer 2017 with the majority of this capacity already being on sale. The Company will continue to trade on the same basis for the foreseeable future.

Accounting standards and policies

This Annual Report complies with all accounting standards issued by the Accounting Standards Board (ASB) as applicable to the financial statements at 31 March 2016.

The Company has adopted FRS102 for its financial statements for the period ended 31 March 2016.

Going Concern Basis of Preparation

The Directors have considered the basis of preparation of the statutory accounts in line with the requirements of the guidelines issued by the Financial Reporting Council (FRC) in April 2016 entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk: Guidance for directors of companies that do not apply The UK Corporate Governance Code".

Directors Report (Continued)

Going Concern Basis of Preparation (continued)
The financial statements have been prepared on a going concern basis, which assumes that the Company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due.

The Company and its parent undertaking will be operating under the terms of the existing Senior Facilities agreements until 30 April 2017 (or until such time any new facilities are negotiated and in place) and based on its current trading performance and forecasts the Company will continue to operate within the terms of the existing agreements.

As at 31 March 2016 the Company held £16.4m in cash and the banking facilities drawn down are Senior Facilities (£86.9m). Further facilities within the parent undertaking are a Mezzanine Facility (£8.4m) and a shareholder loan (£20.9m).

On 30 June 2016 the Company and its parent undertaking completed a buy-back of the Mezzanine Facility (£8.5m as at 30 June 2016) for consideration of £2.9m, crystalising a £5.6m profit on redemption.

The Board of the Company and its parent undertaking are in discussions with potential lenders in order to refinance the Company and its parent undertaking on a medium term basis. It is the Company's intention to put new financing in place before 30 April 2017.

The parent undertaking is also financed by redeemable preference shares (31 March 2016: £118.0m) which are controlled by the parent undertaking's majority shareholder. The redeemable preference shares contain an obligation to redeem all these preference shares in the event of refinancing of any banking facilities. The Directors expect that the majority Shareholder of the parent undertaking will extend the preference share repayment until the subsequent occurrence of a realisation or refinancing simultaneous with the planned bank refinancing. Accordingly, finalisation of refinancing will require both agreement with lenders and the extension of the preference shares.

The Directors are aware that the ability to refinance represents a material uncertainty.

Taking account of the Company's current trading performance, which is ahead of 2015/16, the strong passenger growth that has been secured and placed on sale for summer 2017, the Directors anticipate that the Company and its parent undertaking will refinance its Senior Facilities and redeemable preference shares on or before 30 April 2017. Accordingly, the Directors consider that the Company will have sufficient liquidity and capital resources to meet its obligations in the normal course of business for the foreseeable future.

For this reason, the Directors continue to adopt the going concern basis in preparing the Report and Financial Statements. The Financial Statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

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Directors Report (Continued)

Employee involvement and employment of disabled persons

Within the grounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees.

The Company gives equal opportunity to the employment of disabled persons where practicable.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Information to auditors

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and

- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Re-appointment of auditors

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Audit Committee for reappointment of Ernst & Young LLP as auditor of the Company.

By order of the Board

John Parkin
Director
20 September 2016

Statement of Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 'The Financial Reporting Standard applicable to 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 accounting 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Leeds Bradford Airport Limited

We have audited the financial statements of Leeds Bradford Airport Limited for the year ended 31 March 2016 which comprise the Statement of comprehensive income, Statement of changes in equity, Statement of financial position and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report

to the members of Leeds Bradford International Airport Limited (continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern, in particular, the ability of the company to secure and comply with its financing arrangements. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Ernst & Young LLP

Stuart Watson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
20 September 2016

Statement of comprehensive income

for the year ended 31 March 2016

	Notes	2016 £000	2015 £000
Turnover	2	**29,477**	27,688
Operating costs			
Staff costs	5	**(9,581)**	(9,214)
Depreciation and amortisation	8 & 9	**(7,615)**	(7,229)
Other operating charges		**(12,110)**	(13,270)
Exceptional operating charges	4	**(118)**	(891)
Impairment of tangible assets		**(25)**	(197)
		(29,449)	(30,801)
Operating profit / (loss)		**28**	(3,113)
Loss on disposal of tangible fixed assets	4	**-**	(11)
Interest receivable		**297**	92
Interest payable	6	**(5,816)**	(5,149)
Gain on revaluation of investment property		**50**	105
		(5,469)	(4,963)
Loss on ordinary activities before taxation		**(5,441)**	(8,076)
Tax credit on ordinary activities	7	**1,586**	65
Loss for the financial year		**(3,855)**	(8,011)

All amounts relate to continuing operations.

	2016 £000	2015 £000
Other comprehensive income		
Remeasurement losses recognised in the pension scheme	**(61)**	(91)
Total comprehensive loss for the financial year	**(3,916)**	(8,102)

Note of historical cost profits and losses	**2016** ***£000***	2015 *£000*
Reported loss on ordinary activities before taxation	**(5,441)**	(8,076)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	**2,488**	2,333
Historical cost loss on ordinary activities before taxation	**(2,953)**	(5,743)
Historical loss for the year after taxation	**(1,367)**	(5,678)

Statement of changes in equity

for the year ended 31 March 2016

	Called up share capital	Share premium account	Revaluation reserve	Non-distributable reserve	Profit and loss account	**Total equity**
	£000	*£000*	*£000*	*£000*	*£000*	***£000***
As at 1 April 2014	15,000	.477	63,217	-	(17,378)	**61,316**
Profit/(loss) for the year	-	-	-	105	(8,116)	**(8,011)**
Difference between historical cost depreciation charge and actual depreciation charge	-	-	(2,333)	-	2,333	-
Other comprehensive loss	-	-	-	-	(91)	**(91)**
Total comprehensive loss for the year	-	-	(2,333)	105	(5,874)	**(8,102)**
At 31 March 2015	15,000	477	60,884	105	(23,252)	**53,214**
Profit/(Loss) for the year	-	-	-	50	(3,905)	**(3,855)**
Difference between historical cost depreciation charge and actual depreciation charge	-	-	(2,488)	-	2,488	-
Other comprehensive loss	-	-	-	-	(61)	**(61)**
Other comprehensive loss for the year	-	-	(2,488)	50	(1,478)	**(3,916)**
At 31 March 2016	**15,000**	**477**	**58,396**	**155**	**(24,730)**	**49,298**

The amount included in revaluation reserve for 2014 represents the movement in value of tangible fixed assets and investment properties up to the balance sheet date.

he amount included in non-distributable reserves represents the movement in value of investment properties.

Statement of financial position

at 31 March 2016

	Notes	**2016** **£000**	2015 *£000*
Fixed assets			
Intangible	8	**1,154**	1,194
Tangible	9	**120,103**	123,502
Investments	10	**1**	1
		121,258	124,697
Current assets			
Stocks	11	**391**	347
Debtors:			
amounts falling due within one year	12	**2,624**	2,356
amounts falling due after more than one year	12	**34,489**	33,163
Cash at bank and in hand	13	**16,442**	17,116
		53,946	52,982
Creditors: amounts falling due within one year	14	**(9,260)**	(9,267)
Net current assets		**44,686**	43,715
Total assets less current liabilities		**165,944**	168,412
Creditors: amounts falling due after more than one year	15	**(102,949)**	(99,495)
Provisions for liabilities and charges	17	**(13,697)**	(15,703)
Net assets excluding pension liabilities		**49,298**	53,214
Pension	23	**-**	-
Net assets		**49,298**	53,214
Capital and reserves			
Called up share capital	18	**15,000**	15,000
Share premium account		**477**	477
Revaluation reserve	21	**58,396**	60,884
Non-distributable reserve		**155**	105
Profit and loss account	21	**(24,730)**	(23,252)
Shareholders' funds		**49,298**	53,214

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 20 September 2016.

John Parkin
Chief Executive Officer
20 September 2016

Paul French
Chief Financial Officer
20 September 2016

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies

Statement of compliance

Leeds Bradford Airport Limited is a limited liability company incorporated in England. The Registered Office is Leeds Bradford Airport, Yeadon, LS19 7TU.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

Basis of preparation

The financial statements of Leeds Bradford Airport Limited were authorised for issue by the Board of Directors on 20 September 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £000.

The financial statements have been prepared on a going concern basis, which assumes that the Company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due.

The Company and its parent undertaking will be operating under the terms of the existing Senior Facilities agreements until 30 April 2017 (or until such time any new facilities are negotiated and in place) and based on its current trading performance and forecasts the Company will continue to operate within the terms of the existing agreements.

As at 31 March 2016 the Company held £16.4m in cash and the banking facilities drawn down are Senior Facilities (£86.9m). Further facilities within the parent undertaking are a Mezzanine Facility (£8.4m) and a shareholder loan (£20.9m).

On 30 June 2016 the Company and its parent undertaking completed a buy-back of the Mezzanine Facility (£8.5m as at 30 June 2016) for consideration of £2.9m, crystalising a £5.6m profit on redemption.

The Board of the Company and its parent undertaking are in discussions with potential lenders in order to refinance the Company and its parent undertaking on a medium term basis. It is the Company's intention to put new financing in place before 30 April 2017.

The parent undertaking is also financed by redeemable preference shares (31 March 2016: £118.0m) which are controlled by the parent undertaking's majority shareholder. The redeemable preference shares contain an obligation to redeem all these preference shares in the event of refinancing of any banking facilities. The Directors expect that the majority Shareholder of the parent undertaking will extend the preference share repayment until the subsequent occurrence of a realisation or refinancing simultaneous with the planned bank refinancing. Accordingly, finalisation of refinancing will require both agreement with lenders and the extension of the preference shares.

The Directors are aware that the ability to refinance represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies (continued)

***Basis of preparation and change in accounting policy** (continued)*

Taking account of the Company's current trading performance, which is ahead of 2015/16, the strong passenger growth that has been secured and placed on sale for summer 2017, the Directors anticipate that the Company and its parent undertaking will refinance its Senior Facilities and redeemable preference shares on or before 30 April 2017. Accordingly, the Directors consider that the Company will have sufficient liquidity and capital resources to meet its obligations in the normal course of business for the foreseeable future.

For this reason, the Directors continue to adopt the going concern basis in preparing the Report and Financial Statements. The Financial Statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

Under s402 of the Companies Act 2006, the company is exempt from preparing consolidated accounts as the results and position of the subsidiary undertaking are not material to the financial statements of the Company, for the purpose of giving a true and fair view.

The Company is a wholly owned subsidiary of LBIA Holding Limited and is included in the consolidated financial statements of LBIA Holding Limited, which are publicly available. Consequently, the Company has taken advantage of the following exemptions:

- Preparation of a cash flow statement under section 7 of FRS 102.
- Reconciliation of outstanding shares under section 4 of FRS 102.
- Disclosure of the financial position and performance of its financial instruments.

In the directors' opinion the Company's ultimate controlling party is Bridgepoint Capital (Nominees) Limited.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- ***Pension and other post-employment benefits***

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated

Notes to the financial statements

for the year ended 31 March 2016

1. **Accounting policies** (continued)
   - ***Pension and other post-employment benefits*** *(continued)*

   obligation. The mortality rate is based on publically available mortality tables for the United Kingdom. Future salary increases and pension increases are based on expected future inflation rates for the United Kingdom. Further details are given in note 23.

Changes in accounting estimate

A review of the company's property, plant and equipment has led to a restatement of the depreciation charges attached to certain assets. The impact of this restatement is a reduction in the Company's tangible fixed assets of £148,000.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales tax or duty. Traffic income, concession income and car parking income is recognised in the period to which it relates.

Lease income

Rental income is recognised on a straight line basis over the period of the lease agreement.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Subject to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Customer lists	1 – 3 years
Operating licences	40 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ from the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, modified by the revaluation of all significant operational property, in addition to integral fixtures and fittings and plant and machinery, to depreciated replacement cost in May 2007. Depreciated replacement cost is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation is provided at rates calculated to write off the cost or revaluation of fixed assets on a straight line basis over their expected useful lives on the following bases. There is a broad range of expected useful economic lives for the runways, taxiways & aprons as there are various layers within the runway which have differing useful economic lives.

Freehold land is not depreciated.

Freehold buildings	20 - 40 years
Runways, taxiways & aprons	3 - 100 years
Plant, equipment & fittings	3 - 25 years
Vehicles	5 - 15 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investment properties

The company holds some property for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks comprise consumables held for subsequent use by the airport and are valued at the lower of cost and net realisable value.

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies (continued)

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred before that date that will result in either an obligation to pay more tax, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

The company contributes to a multi employer defined benefit scheme (The Federated Pension Plan), which is accounted for under the requirements of FRS 102. Assets and liabilities arising from the Company's share of the scheme are shown at fair value. For further details see the pensions note to the financial statements.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies (continued)

Pensions (continued)

period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid-market price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The surplus has not been recognised in the statutory accounts as the pension trust rules provide the trustees (and not the Company) the discretion of how to apply the surplus, and consequently the Company is unable to control the use of the surplus.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Exceptional operating charges

The Company presents as exceptional operating charges on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the financial statements to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Exceptional items

The Company presents as exceptional items on the face of the income statement, those items that meet the definition of exceptional items under FRS 102.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating charges.

Loans

Loans which are basic financial instruments are measured at amortised cost using the effective interest method. Loans that are receivable within one year are not discounted.

Notes to the financial statements

for the year ended 31 March 2016

2. Turnover

Turnover represents amounts receivable for services supplied to customers during the year and is recognised once the service has been delivered. The main income streams within turnover are aeronautical revenue from airlines, revenue from car parking operations and rental income from tenants and retail concessions operating at the airport.

The whole of the turnover and profit before taxation derives from the Company's principal activities within the United Kingdom, which the Directors regard as one class of business.

3. Operating loss

The operating loss is stated after charging:

	2016	2015
	£000	*£000*
Amortisation of intangible fixed assets	**72**	59
Impairment of tangible fixed assets	**25**	197
Depreciation of tangible fixed assets	**7,543**	7,170
Auditor's remuneration	**48**	36
Operating lease rentals – plant and machinery	**29**	36

4. Exceptionals

	2016	2015
	£000	*£000*
Restructuring costs	**(181)**	(333)
Bank facility extension refund / (costs)	**63**	(558)
Exceptional operating charges	**(118)**	(891)
Loss on disposal of fixed assets	**-**	(11)
Exceptional Items	**-**	(11)

5. Directors' remuneration and benefits and staff costs

	2016	2015
	£000	*£000*
Directors' remuneration	**1,094**	1,069

None of the directors were accruing benefits under the defined benefit pension scheme during the year (2015: nil).

The Company considers the directors to be all key management personnel. There is no further key management personnel compensation other than that reported above.

Notes to the financial statements

for the year ended 31 March 2016

5. Directors' remuneration and benefits and staff costs (continued)

The highest paid director received remuneration and benefits as follows:

	2016	2015
	£000	£000
Remuneration	389	386

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£000	£000
Wages and salaries	8,080	7,786
Social security costs	722	721
Other pension costs	779	707
	9,581	9,214

Included in other pension costs are £471,092 (2015: £452,348) in respect of the defined benefit scheme, £271,649 (2015: £225,860) in respect of defined contribution schemes and £36,066 (2015: £28,999) in respect of life insurance.

The average monthly number of employees, including executive directors, during the year was as follows:

	2016	2015
	No.	No.
Administration	33	30
Emergency services	47	47
Air traffic control	33	33
Support services	107	103
	220	213

6. Interest payable

	2016	2015
	£000	£000
Bank loans	5,816	5,108
Other loans – amounts owed to parent company	-	41
	5,816	5,149

Notes to the financial statements

for the year ended 31 March 2016

7. Taxation

(a) Analysis of tax charge / (credit) in year

	2016	2015
	£000	*£000*
Current tax:		
UK corporation tax at 20.00%	**-**	-
Total UK taxation	**-**	-
Deferred tax:		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	**(58)**	(65)
Effect of tax rate change on opening balance	**(1,528)**	-
Total deferred tax charge / (credit)	**(1,586)**	(65)
Tax charge / (credit) on profit / loss on ordinary activities	**(1,586)**	(65)

(b) Factors affecting the tax credit for the year

The tax assessed for the year is higher (2015: higher) than would be expected by multiplying loss on ordinary activities by the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are reconciled below:

	2016	2015
	£000	*£000*
Loss on ordinary activities before tax	**(5,441)**	(8,076)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 20% (2015: 21%)	**(1,088)**	(1,696)
Effects of:		
Tax rate changes	**(1,528)**	-
Expenses not deductible for tax purposes	**1,139**	1,224
Income not taxable	**(84)**	-
Other comprehensive income	**(12)**	(52)
Movement on unrecognised deferred tax	**(13)**	600
Group relief claimed	**-**	(141)
Total tax charge / (credit) for the year	**(1,586)**	(65)

Notes to the financial statements

for the year ended 31 March 2016

7. Taxation (continued)

(c) Deferred tax

There is an unrecognised deferred tax asset of £3,499,000 (2015: £3,875,000) in relation to a combination of tax losses carried forward, fixed asset timing differences and other short term timing differences. A deferred tax asset has not been recognised in respect of these amounts as the use of the resultant losses in the future is uncertain.

(d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 March 2016 has been calculated based on these rates.

8. Intangible assets

	Intangible assets ***£000***
Cost:	
At 1 April 2015	**2,342**
Additions	**32**
At 31 March 2016	**2,374**
Amortisation:	
At 1 April 2015	**1,148**
Provided during the year	**72**
At 31 March 2016	**1,220**
Net book value:	
At 31 March 2016	**1,154**
At 31 March 2015	1,194

The estimated useful life is based on a variety of factors such as the expected use of the acquired asset and legal and regulatory considerations.

Intangible assets include costs associated with licences to operate that are being amortised evenly over their useful lives of 40 years.

Notes to the financial statements

for the year ended 31 March 2016

9. Tangible assets

	Freehold land	Freehold buildings	Runways, taxiways & aprons	Plant, equipment & fittings	Vehicles	Highways	Assets under construction	**Total**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	***£000***
Cost or valuation:								
At 1 April 2015	34,044	57,360	74,188	40,435	4,335	969	1,786	**213,117**
Reclassification	-	1,239	-	331	-	(969)	(601)	**-**
Additions at cost	-	743	135	870	81	-	2,290	**4,119**
Revaluation of investment properties	-	50	-	-	-	-	-	**50**
Impairment of assets	-	-	-	-	-	-	(25)	**(25)**
Disposals	-	-	-	-	-	-	-	**-**
At 31 March 2016	**34,044**	**59,392**	**74,323**	**41,636**	**4,416**	**-**	**3,450**	**217,261**
Depreciation:								
At 1 April 2015	-	28,843	29,713	27,875	2,966	218	-	**89,615**
Reclassification	-	246	-	-	-	(246)	-	**-**
Charge for year	-	2,345	3,262	1,645	263	28	-	**7,543**
Disposals	-	-	-	-	-	-	-	**-**
At 31 March 2016	**-**	**31,434**	**32,975**	**29,520**	**3,229**	**-**	**-**	**97,158**
Net book value:								
At 31 March 2016	**34,044**	**27,958**	**41,348**	**12,116**	**1,187**	**-**	**3,450**	**120,103**
At 31 March 2015	34,044	28,517	44,475	12,560	1,369	751	1,786	**123,502**

Notes to the financial statements

for the year ended 31 March 2016

9. Tangible assets (continued)

Included within tangible assets are investment properties as follows:

	2016 £000	2015 £000
Land and buildings	**1,115**	1,065

The investment properties have been subject to external valuations at 31 March 2016 on the basis of open market value by Cushman & Wakefield Limited (formerly Debenham Tie Leung (DTZ) Limited. These valuations were prepared in accordance with the appropriate sections of the Valuation Standards and United Kingdom Valuation Standards contained within the RICS Valuation – Professional Standards 2014.

Historical cost

	Freehold land	Freehold buildings	Runways, taxiways & aprons	Plant, equipment & fittings	Vehicles	Highways	**Total**
At 31 March 2015	5,310	49,889	25,873	40,759	4,466	969	**127,266**
Aggregate depreciation based on cost	-	24,255	13,271	27,517	3,097	218	**68,358**
At 31 March 2016	5,310	52,133	26,092	42,490	4,582	-	**130,607**
Aggregate depreciation based on cost	-	26,205	14,798	29,050	3,360	-	**73,413**

Notes to the financial statements

for the year ended 31 March 2016

10. Fixed asset investments

	Shares in subsidiary undertakings
	£000
Cost:	
At 31 March 2015 and 31 March 2016	1

At the year end, the Company holds investments in 100% of the ordinary share capital of Yorkshire International Airport Limited, which serves as an agent to the Company, LBA Security Services Ltd, which provides services to the company, and Leeds Airport Limited, Leeds City Airport Limited, Leeds City Region Airport Limited and Yorkshire Airport Limited, which are dormant. The Company holds no indirect investments.

11. Stocks

	2016	2015
	£000	*£000*
Raw materials and consumables	**391**	347

The difference between purchase price and the replacement cost of stock is not material. Stocks recognised as an expense in the period were £560,000 (2015 - £999,000) for the group. The company holds no stock.

12. Debtors: amounts falling due within one year

	2016	2015
	£000	*£000*
Trade debtors	**1,775**	1,474
Prepayments and accrued income	**751**	861
Amounts owed by subsidiary	**98**	21
	2,624	2,356
Amounts falling due after more than one year:		
Amounts owed by parent company	**34,489**	33,163
	37,113	35,519

Notes to the financial statements

for the year ended 31 March 2016

13. Cash and cash equivalents

	2016	2015
	£000	*£000*
Cash at bank and in hand	**16,442**	17,116

14. Creditors: amounts falling due within one year

	2016	2015
	£000	*£000*
Trade creditors	**407**	1,337
Other tax and social security	**704**	465
Accruals	**7,924**	7,465
Amounts owed to subsidiary	**225**	-
	9,260	9,267

Amounts owed to parent company

The amount owed to parent company carries interest at 0.5% above the cost of borrowing and has no fixed repayment schedule.

15. Creditors: amounts falling due after more than one year

	2016	2015
	£000	*£000*
Amounts owed to parent company	**16,099**	14,988
Senior facility	**86,850**	84,507
	102,949	99,495

16. Loans

Loans repayable, included within creditors, are analysed as follows:

	2016	2015
	£000	*£000*
Wholly repayable within 5 years	**102,949**	99,495

Notes to the financial statements

for the year ended 31 March 2016

17. Provisions for liabilities and charges

	Deferred Tax	Other Provisions	Total
	£000	*£000*	*£000*
At 1 April 2015	15,283	420	**15,703**
Charge for the year	-	-	-
Released in the year	(1,586)	(420)	**(2,006)**
Utilised in the year	-	-	-
At 31 March 2016	**13,697**	-	**13,697**

During the year the relevant authorities confirmed that no charges against the cost of compliance with legislation will be brought against group. As such, the provision was released.

18. Share capital

Authorised	**2016**	2015
	£	£
22,499,999 Ordinary Shares of £1 each	**22,499,999**	22,499,999
1 Special Rights Preference Share of £1 each	**1**	1
	22,500,000	22,500,000

Allotted, called up and fully paid	**2016**	2015
	£	£
14,999,999 Ordinary shares of £1 each	**14,999,999**	14,999,999
1 Special Rights Preference Share of £1 each	**1**	1
	15,000,000	15,000,000

The total issued capital of the Company comprises 14,999,999 Ordinary shares of £1 each and 1 Special Rights Preference Share of £1.

Special rights preference share

The Ordinary Shares and the Special Rights Preference Share ('Special Share') are separate classes of shares. On distribution of capital on winding up of the Company, the Special Share shall rank pari passu with the Ordinary Shares but shall only be entitled to receive £1 by way of a return of capital. The Special Share shall have no other rights to participate in a return of capital by the Company or to participate in any dividend or distribution.

Notes to the financial statements

for the year ended 31 March 2016

18. Share capital (continued)

Other than special airport meetings as defined in the articles of association of the Company or general meetings at which any of the matters set out in articles S15 1.1 to S15 1.6 are to be considered, the Special Share shall have no right to receive notice of or attend or vote at any meeting of the Company.

19. Capital commitments

At 31 March 2016 the Company had entered into contracts for capital expenditure, provided for in these accounts, amounting to approximately £1,396,000 (2015: £1,227,000). There are further capital commitments of £62,000 for which the Company has not provided (2015: £571,000).

20. Other commitments

At 31 March 2016 the Company's commitments under operating leases for plant and machinery are as follows:

	2016	2015
	£000	*£000*
Amounts payable:		
Within one year	**29**	36
Between one and five years	**9**	37

21. Reserves

Share premium account

This reserve records the amount above the nominal value received for the shares sold, less transaction costs.

Revaluation reserve

This reserve records historic revaluations of investment property and property, plant and equipment. The movements in this account represent the difference between the depreciation charge for the year based on the revalued amount and the depreciation charge for the year based on the historic cost.

Non-distributable reserve

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset.

Notes to the financial statements

for the year ended 31 March 2016

22. Transactions with related parties

The Company is a wholly owned subsidiary of LBIA Holding Limited and is included in the consolidated financial statements of LBIA Holding Limited, which are publicly available. The following transactions have taken place during the period with related parties of Bridgepoint Capital (Nominees) Limited who own 88% of the ordinary shares and 90% of the preference shares in LBIA Holding Limited.

	2016	2015
	£000	*£000*
Paid to shareholders:		
Other	-	147
Received from shareholders:		
Other	-	48

The Company has taken advantage of the exemptions allowed under FRS102 from disclosing transactions with related parties that are part of the LBIA Holding Limited Group, or investees of the Group.

Notes to the financial statements

for the year ended 31 March 2016

23. Pension costs

The Company participates in the Federated Pension Plan (FPP) which is a multi-employer defined benefit scheme. The Company's section of the FPP is closed to new entrants. The current service cost is calculated using the Projected Unit Method under FRS 102. The FPP finances are independent of the Company's finances.

An actuarial valuation of the Company's section of the FPP will be performed at intervals of not more than three years and the rates of contribution will be determined by the trustees on the advice of the Scheme Actuary having regard to the results of the actuarial valuation. The second tri-annual valuation of the Company's section of the FPP has been completed relating to the position as at 5 April 2013.

The major assumptions used by the actuary were:

	31 March 2016	31 March 2015	31 March 2014
Inflation rate (%)	**3.0**	2.9	3.4
Rate of increase in salaries (%)	**3.0**	2.9	3.4
Rate of increase in pensions in payment (%)	**3.0**	2.9	3.4
Discount rate applied to scheme liabilities (%)	**3.7**	3.4	4.45

The mortality assumptions adopted imply the following life expectancies:

	31 March 2016	31 March 2015	31 March 2014
Male retiring now at age 63	**24.1**	24.0	23.8
Female retiring now at age 63	**26.3**	26.3	26.1
Male retiring in 20 years at age 63	**25.5**	25.4	25.2
Female retiring in 20 years at age 63	**27.8**	27.8	27.6

Notes to the financial statements

for the year ended 31 March 2016

23. Pension costs (continued)

Fair value and expected return on assets

	Value at 31 March 2016 *£000*	Value at 31 March 2015 *£000*	Value at 31 March 2014 *£000*
Equities	**5,811**	5,608	4,497
Government bonds	**2,905**	2,804	2,245
Cash	**13**	22	53
Total market value of assets	**8,729**	8,434	6,795
Present value of scheme liabilities	**(7,620)**	(7,272)	(5,632)
Surplus in the scheme	**1,109**	1,162	1,163
Related deferred tax (liability)	-	-	-
Unrecognised surplus	**(1,109)**	(1,162)	(1,163)
	-	-	-

Changes in the present value of the defined benefit obligations are analysed as follows:

	£000
As at 1 April 2015	7,272
Current service cost	493
Expenses	82
Interest expense	253
Contributions by plan participants	120
Actuarial losses (gains)	(333)
Benefits paid	(267)
As at 31 March 2016	**7,620**

Notes to the financial statements

for the year ended 31 March 2016

23. Pension costs (continued)

Changes in the fair value of plan assets are analysed as follows:

	£000
As at 1 April 2015	8,434
Interest income	295
Contributions by the company	635
Contributions by plan participants	120
Actuarial gains (losses)	(488)
Benefits paid	(267)
As at 31 March 2016	**8,729**

Analysis of amount charged to operating loss

	2016	2015
	£000	*£000*
Current service cost (excluding member contributions)	**493**	473
Expenses	**82**	61
Net cost	**575**	534

Analysis of amount recognised in other comprehensive income

	2016	2015
	£000	*£000*
Actual return on pension scheme assets (excluding amounts included in net interest cost)	**(488)**	721
Experience gains and losses arising on the plan liabilities	**11**	33
Effects of changes in assumptions underlying the present value of the scheme liabilities	**322**	(899)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	**94**	54
Remeasurement gains and losses recognised in Other Comprehensive Income	**(61)**	(91)

Notes to the financial statements

for the year ended 31 March 2016

23. Pension costs (continued)

The best estimate of contributions to be paid by the Company to the scheme for the period beginning 1 April 2016 is £579,000. In addition the Company will pay additional amounts into the scheme to cover management, administration expenses and PPF levy payments.

24. Parent undertaking and controlling party

The Company's parent undertaking is LBIA Holding Limited, a company registered in England. Its Group financial statements are available on application to the Company Secretary, LBIA Holding Limited, Whitehouse Lane, Leeds, LS19 7TU.

The Company's ultimate controlling party is Bridgepoint Capital (Nominees) Limited, a company incorporated in England and Wales. A copy of the Group financial statements can be obtained from Bridgepoint Capital (Nominees) Limited, 95 Wigmore Street, London, W1U 1FB.

25. Financial Instruments

	2016	2015
	£000	*£000*
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	**1,775**	1,474
Other debtors	**34,587**	33,184
Financial liabilities measured at amortised cost		
Trade creditors	**407**	1,337
Other creditors	**16,324**	14,988
Bank loans	**86,850**	84,507

Notes to the financial statements

for the year ended 31 March 2016

26. Transition to FRS 102

The Group and Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014.

The impact from the transition to FRS 102 is as follows:

Reconciliation of equity at 1 April 2014

	Company
	£000
Equity Shareholders funds at 1 April 2014 under previous UK GAAP	78,877
Deferred tax	(15,348)
Fixed asset componentisation	(2,213)
Equity Shareholders funds at 1 April 2014 under FRS 102	61,316

Reconciliation of equity at 31 March 2015

	Company
	£000
Equity Shareholders funds at 31 March 2015 under previous UK GAAP	70,534
Deferred tax	(15,283)
Fixed asset componentisation	(2,037)
Equity Shareholders funds at 31 March 2015 under FRS 102	53,214

Reconciliation of profit and loss for the year ended 31 March 2015

	Company
	£000
Loss for the year ended 31 March 2015 under previous UK GAAP	(8,200)
Deferred tax	65
Fixed asset componentisation	176
Gain on revaluation of investment properties	105
Adjustment to net interest on net defined pension liability, and pension scheme management fees	(157)
Loss for the year ended 31 March 2015 under FRS 102	(8,011)

Notes to the financial statements

for the year ended 31 March 2016

26. Transition to FRS 102 (continued)

The following were changes in accounting policies arising from the transition to FRS 102:

Deferred tax

Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognised on all fair value remeasurements and on all fair value adjustments arising on business combinations (other than goodwill). There are no adjustments required on business combinations arising prior to transition.

Fixed asset componentisation

Under FRS 102 the cost of an asset is required to be allocated to its major components and each component should be depreciated separately where there are different patterns of consumption of economic benefits. Under previous UK GAAP the total cost was held under one asset class and depreciated uniformly.

Investment properties

Under FRS 102, changes in the fair value of investment properties are recorded in the profit and loss account. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses.

Defined benefit pension

Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme.

Under FRS102 there is no prescribed method for recognising administration expenses. These have been recorded in the profit and loss account.

As such there was a reduction in profit from these adjustments.

Transitional relief

On transition to FRS 102 from previous UK GAAP, the Company has taken advantage of transitional relief as follows:

- ***Business combinations***

  The Company has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

- ***Investment property***

  The Company has elected to use a previous GAAP revaluation of its investment property at the date of transition to this FRS as its deemed cost at the revaluation date.