

Manchester Airport Group Funding Plc

Annual report and financial statements

Registered number 8826541

Year ended 31 March 2018



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Strategic report

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

Principal activities

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

Business review and future outlook

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

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

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

Principal risks and uncertainties

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

Key performance indicators ('KPIs')

The key performance indicators for the Company are aligned with those of MAHL. More details of these KPIs appear in the strategic report in the annual report and accounts of MAHL for the year ended 31 March 2018. The directors have not used any additional KPIs for the Company.

By order of the Board



N Thompson
Director

28 September 2018

Directors' report

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

Non-compliance with listed securities requirements

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

Corporate governance statement

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

Further information in relation to the internal control and risk management systems affecting financial reporting processes in MAG appears on page 40 of the annual report and accounts of MAHL for the year ended 31 March 2018.

Directors

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

C Cornish
N Thompson

Going concern

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

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

Dividends

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

Disclosure of information to auditor

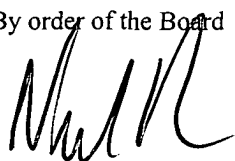
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make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

Directors' report *(continued)*

Independent auditor

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

By order of the Board



N Thompson

Director

28 September 2018

Olympic House
Manchester Airport
Manchester
M90 1QX

Statement of directors' responsibilities relating to the strategic report, the directors' report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

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

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

1 Our opinion is unmodified

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee of Manchester Airports Holdings Limited.

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

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

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The Risk	Our Response
Completeness and accuracy of interest expense £40.2m (2017: £36.9m) <i>Refer to page 14 (accounting policy) and page 15 (financial disclosures)</i>	<p>The interest expense incurred during the year in respect of the bond instruments was £40.2m (2017: £36.9m).</p> <p>While we do not consider the interest expense to be at a high risk of material misstatement, or to be subject to a significant level of judgement, due to its materiality in the context of the financial statements as a whole, this is considered to be an area which will have the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <p>Assessing base data: We verified the underlying data inputs to source data.</p> <p>Reperformance: We have reperformed the calculation using the underlying data.</p>
Recoverability of amounts owed by group undertakings £1,098.1m (2017: £803.1m) <i>Refer to page 13 (accounting policy) and page 17 (financial disclosures)</i>	<p>The amounts owed by group undertakings as at the year end was £1,098.1m (2017: £803.1m).</p> <p>While we do not consider the recovery of the amounts owed by group undertakings to be at a high risk of significant misstatement, or to be subject to a significant level of judgement, however due to its materiality in the context of the financial statements as a whole, this is considered to be an area which will have the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <p>Test of details: Comparing the amounts owed by group undertakings values to the net assets of the related party to identify whether the net asset values, being an approximation of their minimum recoverable amount, were in excess of their value.</p>

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £6.0m, determined with reference to a benchmark of £1,104.2m which are the total assets. Materiality on this basis represents 0.5%.

We reported to the Audit Committee of Manchester Airports Holdings Limited any corrected or uncorrected identified misstatements exceeding £0.3m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the company's head office in Manchester.

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

4 We have nothing to report on going concern

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

5 We have nothing to report on the strategic report and the directors' report

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

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

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

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

Independent auditor's report to the members of Manchester Airport Group Funding Plc (*continued*)

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

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

Nicola Quayle

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

28 September 2018

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

	<i>Note</i>	2018 £000	2017 £000
Revenue		-	-
Operating costs		-	-
Operating profit		-	-
Interest receivable	5	40,212	36,889
Interest payable and similar charges	6	(40,207)	(36,884)
Profit before taxation		5	5
Tax on profit	7	(1)	(1)
Profit for the financial year		4	4
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		4	4

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

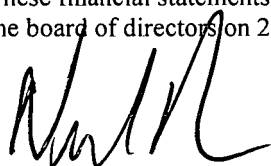
The notes on pages 12 to 19 form an integral part of these financial statements.

Statement of financial position
at 31 March 2018

	<i>Note</i>	2018	2018	2017	2017
		£000	£000	£000	£000
Non-current assets					
Amounts due from group undertakings	8		1,098,110		803,071
			1,098,110		803,071
Current assets					
Trade and other receivables	9	6,124		64	
Current liabilities					
Trade and other payables	10	(6,070)		(1)	
Net current assets			54		63
Total assets less current liabilities			1,098,164		803,134
Non-current liabilities	11		(1,098,110)		(803,071)
Net assets			54		63
Capital and reserves					
Called up share capital	13		50		50
Retained earnings	14		4		13
Shareholders' funds			54		63

The notes on pages 12 to 19 form an integral part of these financial statements.

These financial statements of Manchester Airport Group Funding Plc, registered number 8826541, were approved by the board of directors on 28 September 2018 and were signed on its behalf by:



N Thompson
Director

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

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
Balance at 1 April 2017	50	13	63
Total comprehensive income for the year			
Profit for the year	-	4	4
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4	4
	<hr/>	<hr/>	<hr/>
Transactions with owners recorded directly in equity			
Dividends paid	-	(13)	(13)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	50	4	54
	<hr/>	<hr/>	<hr/>

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
Balance at 1 April 2016	50	9	59
Total comprehensive income for the year			
Profit for the year	-	4	4
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4	4
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	50	13	63
	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 19 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

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 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

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

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

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

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

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

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

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

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

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

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

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

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

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

1.3 Foreign currency

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

1.4 Classification of financial instruments issued by the Company

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

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

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

1.5 Basic financial instruments

Trade and other receivables / payables

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

Notes (continued)

1 Accounting policies (continued)

Interest-bearing borrowings classified as basic financial instruments

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

1.6 Impairment

Financial assets (including trade and other receivables)

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

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

1.7 Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable and amortisation of issue costs.

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

1.8 Taxation

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

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

1.9 Provisions

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

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

Notes (continued)

2 Notes to the income statement

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

3 Remuneration of directors

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

4 Staff numbers and costs

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

5 Interest receivable and similar charges

	2018 £000	2017 £000
Interest receivable from other group undertakings	40,212	36,889

6 Interest payable and similar charges

	2018 £000	2017 £000
Interest payable on bonds	39,451	36,229
Amortisation of issue costs	756	655
	40,207	36,884

Notes (continued)

7 Taxation

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

	2018 £000	2018 £000	2017 £000	2017 £000
<i>UK corporation tax</i>				
Current tax on income for the year	1		1	
	<hr/>		<hr/>	
Total current tax		1		1
		<hr/>		<hr/>
Total tax		1		1
		<hr/>		<hr/>

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

	2018 Current tax £000	2018 Deferred tax £000	2018 Total tax £000	2017 Current tax £000	2017 Deferred tax £000	2017 Total tax £000
Recognised in the income statement	1	-	1	1	-	1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	1	-	1	1	-	1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Reconciliation of effective tax rate

	2018 £000	2017 £000
<i>Current tax reconciliation</i>		
Profit for the year	4	4
Total tax expense	1	1
	<hr/>	<hr/>
Profit before tax	5	5
	<hr/>	<hr/>
Profit multiplied by the standard rate of corporation tax of 19% (2017: 20%)	1	1
	<hr/>	<hr/>
<i>Effects of:</i>		
Amounts surrendered to other group companies	-	-
	<hr/>	<hr/>
Total tax expense included in the income statement	1	1
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

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

Notes (continued)

8 Non-current assets

	2018 £000	2017 £000
Amounts owed by group undertakings – interest-bearing	1,098,110	803,071
	<u>1,098,110</u>	<u>803,071</u>

Amounts owed by group undertakings – interest-bearing at 31 March 2018 and at 31 March 2017 represent a loan to Manchester Airport Group Finance Limited. At 31 March 2018, the effective interest rate on the loan was 4.34% (2017: 4.60%).

9 Trade and other receivables

	2018 £000	2017 £000
Amounts owed by group undertakings	6,124	64
	<u>6,124</u>	<u>64</u>

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

10 Trade and other payables

	2018 £000	2017 £000
Amounts owed to group undertakings	6,014	-
Interest accrued	55	-
Taxation and social security	1	1
	<u>6,070</u>	<u>1</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand, and as at 31 March 2018 include dividends payable of £13,000 (2017: £nil).

11 Other non-current liabilities

	2018 £000	2017 £000
Bonds	1,098,110	803,071
	<u>1,098,110</u>	<u>803,071</u>

Notes (continued)

12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Borrowings are repayable as follows:

	2018 £000	2017 £000
<i>In more than five years – due by other instalments</i>		
Bonds	1,110,000	810,000
Less: discount on issue	(5,388)	(1,853)
Less: unamortised debt issue costs	(6,502)	(5,076)
Total interest-bearing borrowings	1,098,110	803,071

Maturity analysis of the bonds is as follows:

	2018 £000	2017 £000
<i>Amounts due over five years:</i>		
Bond 4.125% £360.0m due 2024	360,000	360,000
Bond 4.750% £450.0m due 2034	450,000	450,000
Bond 2.875% £300.0m due 2039	300,000	-
	1,110,000	810,000

13 Called up share capital

	2018 £000	2017 £000
<i>Issued, called up and fully paid</i>		
50,000 Ordinary shares of £1 each	50	50

Notes (continued)

14 Reserves

2018	Retained earnings £000
At 1 April 2017	13
Profit for the year	4
Dividends paid	(13)
	<hr/>
At 31 March 2018	4
	<hr/>
2017	
At 1 April 2016	9
Profit for the year	4
	<hr/>
At 31 March 2017	13
	<hr/>

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

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

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