

DAA Finance plc

Reports and financial statements

For the financial year ended 31 December 2015

Registered number 326966

DAA Finance plc

Reports and Financial Statements

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DAA Finance plc

Directors and other information

Directors

Kevin Toland (Chairman)
Ray Gray
Catherine Gubbins
Marion O'Brien

Registered Office

Old Terminal Building
Dublin Airport
Co. Dublin

Secretary

Marion O'Brien

Solicitor

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Auditor

Deloitte
Chartered Accountants & Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Principal bankers

Bank of Ireland Group
Barclays Bank Ireland plc
BNP Paribas
Danske Bank A/S
European Investment Bank
HSBC Bank plc
Ulster Bank Ireland Limited

DAA Finance plc

Report of the directors (*continued*)

The directors submit their report together with the financial statements of DAA Finance plc ("the Company") for the financial year ended 31 December 2015.

Principal Activities

The principal activity of the Company is the provision of funding to undertakings in the Group headed by daa plc ("daa"), which is the Company's parent undertaking.

The Company has listed loan notes on the main securities market of the Irish Stock Exchange and bank loans from the European Investment Bank. These borrowings have been on-lent to daa.

Business Review and Key Performance Indicators

The Company paid interest and made debt repayments on borrowings by the due dates during the financial year.

Income to pay interest on borrowings was received from two sources; (1) by charging interest on monies lent to daa and (2) by surrendering tax losses to daa and other companies within the group headed by daa. Income to make debt repayments was received from daa which made repayments on the monies on-lent by the Company.

The directors consider the following to be the main financial key performance indicators of the Company:

- the Company incurred a loss of €3.1 million (2014: loss of €6.8 million);
- there were no credit events that affected the Company during the current and prior financial year;
- interest income from loans to parent undertaking amounted to €36.9 million (2014: €31.7 million);
- interest expense from notes and borrowings amounted to €40.5 million (2014: €41.8 million);
- the Company's total indebtedness was €840.8 million (2014: €865.2 million); and
- there were no new notes issued during the financial year.

Due to the nature of the Company, the directors consider there to be no significant non-financial key performance indicators.

Principal Risks, Uncertainties and Future Developments

The key risk and uncertainty facing the Company is a premature obligation to repay its borrowings which could occur if a default event arose due to a breach in the terms and conditions of the borrowing documentation which include non-payment of interest and/or principal. The Company considers the possibility of a breach in the terms and conditions arising to be remote because of the credit quality of daa, the guarantor of the borrowings, and the constant review and monitoring of the borrowing documentation. Further disclosures in relation to other financial risks are given in notes 3 and 17.

The Company is not planning any material changes to its operating activities.

DAA Finance plc

Report of the directors (*continued*)

Results and Dividends

The results for the financial year are set out on page 9. The directors do not propose the payment of a dividend.

Directors, Secretary and their Interests

The directors who served throughout the financial year are as follows:

Kevin Toland
Ray Gray
Catherine Gubbins
Marion O'Brien

In accordance with the Articles of Association, the directors are not required to retire by rotation.

The directors and secretary who held office during the financial year had no beneficial interests in the shares, debentures or loan stock of the Company, subsidiary or group companies at any time during the financial year or the preceding financial year or at 31 December 2015 or 1 January 2015.

Going Concern

The Company is dependent on the continuation of the financial agreements with daa, who in turn has guaranteed the Company's debt. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future.

Accounting Records

The measures that the directors have taken to secure compliance with the requirements of section 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the engagement of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's premises at Dublin Airport, Co. Dublin.

Post Balance Sheet Events

There have been no significant post balance sheet events which require adjustment to the financial statements or the inclusion of a note thereto.

Corporate Governance

The directors are committed to maintaining appropriate standards of corporate governance. The Company is subject to and complies with Irish Statute comprising the Companies Act 2014. In addition, daa Group ("the Group") of which the Company is a part, complies with the Code of Practice for the Governance of State Bodies (the "Code of Practice") which sets out the principles of corporate governance which the boards of State bodies are required to observe.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial

DAA Finance plc

Report of the directors (*continued*)

reporting process. The Board is also responsible for the review of the annual financial statements. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The key procedures, which are supported by detailed controls and processes, are as follows:

- active Board involvement in assessing key business risks faced by the Company and determining the appropriate course of action for managing these risks;
- a schedule of items reserved to the Board of the Company and daa for approval;
- a clearly defined organisation structure to perform the activities of the Company with appropriate segregation of duties and delegation of responsibility and authority within which the Company's activities can be planned, executed, controlled and monitored;
- a formalised risk reporting system which forms part of the Group risk reporting process;
- a formal Group code of business ethics;
- a comprehensive system of management and financial reporting, accounting and treasury management;
- clearly defined procedures for financial expenditure relating to interest and principal loan repayments;
- annual budgets and financial plans for the Company;
- monitoring of performance against budgets and financial plans for the Company;
- the daa Internal Audit department periodically reviews key systems and controls for the Company.

The Board also evaluates and discusses significant accounting and reporting issues as the need arises.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and to ensure that these changes are accurately reflected in the Company's financial statements. In respect of the financial reporting process, the Company has in place appropriate practices to ensure that:

- its financial reporting is accurate and complies with the financial reporting frameworks; and
- systems are in place to achieve high standards of compliance with regulatory requirements.

Control Activity

The directors are obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's financial statements.

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Report of the directors *(continued)*

Monitoring

The Board ensures that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. In addition the Company is monitored by the Group's Internal Audit Department who reviews key systems and controls for the Company with full access to the Audit Committee of the parent company, daa.

Auditors

The auditors, Deloitte, Chartered Accountants & Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

Ray Gray
Director



Catherine Gubbins
Director

15 March 2016

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Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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 AUDITORS' REPORT TO THE MEMBERS OF DAA FINANCE PLC

We have audited the financial statements of DAA Finance plc for the financial year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cashflow Statements, the Statement of Changes in Equity, and the related notes 1 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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 auditors' 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 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 Reports and Financial Statements for the financial year ended 31 December 2015 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 assets, liabilities and financial position of the company as at 31 December 2015 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAA FINANCE PLC

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and based on the work undertaken in the course of the audit the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with the financial statements and has been prepared in accordance with section 1373 Companies Act 2014. Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Kevin Sheehan
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 15 Mar 2016

DAA Finance plc

Statement of comprehensive income for the financial year ended 31 December 2015

	<i>Note</i>	2015 €000	2014 €000
Interest income	5	36,885	31,705
Interest expense	5	(40,538)	(41,828)
		<hr/>	<hr/>
Net interest expense	5	(3,653)	(10,123)
Other operating income	6	21	21
Operating costs	7	(19)	(44)
		<hr/>	<hr/>
Loss before income tax		(3,651)	(10,146)
Income tax credit	9	555	3,303
		<hr/>	<hr/>
Loss for the financial year and total comprehensive income	20	(3,096)	(6,843)
		<hr/> <hr/>	<hr/> <hr/>

All income and expenditure for both the current financial year and the previous financial year are included in the statement of comprehensive income and arise from continuing operations.

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Statement of financial position as at 31 December 2015

	Note	31 December 2015 €000	31 December 2014 €000
Assets			
Current assets			
Loans to parent undertaking	10	850,800	875,546
Other receivables	12	199	38
Cash and cash equivalents	13	201	196
Deferred tax asset	14	729	866
		<hr/>	<hr/>
Total current assets		851,929	876,646
		<hr/>	<hr/>
Total assets		851,929	876,646
		<hr/>	<hr/>
Equity			
Called up share capital presented as equity	18	40	40
Capital contribution reserve	19	38,880	36,100
Retained earnings	20	(28,491)	(25,395)
		<hr/>	<hr/>
Total equity attributable to equity holders of the Company		10,429	10,745
		<hr/>	<hr/>
Liabilities			
Non-current liabilities			
Borrowings	16	813,115	837,406
		<hr/>	<hr/>
Current liabilities			
Other payables	15	700	725
Borrowings	16	27,685	27,770
		<hr/>	<hr/>
Total current liabilities		28,385	28,495
		<hr/>	<hr/>
Total liabilities		841,500	865,901
		<hr/>	<hr/>
Total equity and liabilities		851,929	876,646
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2016. They were signed on its behalf by:

Ray Gray
Director



Catherine Gubbins
Director

DAA Finance plc

Cash flow statement

for the financial year ended 31 December 2015

	Note	2015 €000	2014 €000
Cash flows from operating activities			
Loss for the financial year	20	(3,096)	(6,843)
Adjustment for:			
Income tax credit	9	(555)	(3,303)
		<hr/>	<hr/>
Loss before income tax		(3,651)	(10,146)
Net interest expense	5	3,653	10,123
Changes in working capital			
Other payables		(25)	23
		<hr/>	<hr/>
		(23)	-
Interest paid		(40,607)	(41,607)
Interest income received		36,885	31,705
Receipt for tax losses transferred to other members of the group		970	2,664
		<hr/>	<hr/>
Net cash from operating activities		(2,775)	(7,238)
Investing activities			
Loan repayment from parent undertaking		24,307	16,210
Capital contribution from parent undertaking	19	2,780	7,419
		<hr/>	<hr/>
Net cash from investing activities		27,087	23,629
Financing activities			
Repayment of bank loans		(24,307)	(16,210)
		<hr/>	<hr/>
Net cash used in financing activities		(24,307)	(16,210)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		5	181
Cash and cash equivalents at beginning of financial year		196	15
		<hr/>	<hr/>
Cash and cash equivalents at end of financial year	13	201	196
		<hr/> <hr/>	<hr/> <hr/>

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Statement of changes in equity for the financial year ended 31 December 2015

		Share capital €000	Capital contribution reserve €000	Retained earnings €000	Total equity €000
Balance at 1 January 2014	<i>Note</i>	40	28,681	(18,552)	10,169
Total comprehensive income for the financial year					
Movement for the financial year	19,20	-	7,419	(6,843)	576
Balance at 31 December 2014		40	36,100	(25,395)	10,745
Balance at 1 January 2015		40	36,100	(25,395)	10,745
Total comprehensive income for the financial year					
Movement for the financial year	19,20	-	2,780	(3,096)	(316)
Balance at 31 December 2015		40	38,880	(28,491)	10,429

The capital contribution reserve represents monies received from the Company's parent undertaking.

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Notes to the financial statements

for the financial year ended 31 December 2015

1 Basis of preparation

Statement of compliance

These financial statements of DAA Finance plc (the "Company") have been prepared in accordance with the Companies Act 2014 and International Financial Reporting Standards ("IFRS") (and their interpretations issued by the International Accounting Standards Board ("IASB")) as adopted by the EU.

Basis of measurement

The financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro is rounded to the nearest thousand. The financial statements have been prepared under the historical cost convention. Due to the nature of the Company's activities, no modifications to the historical cost convention are necessary. The Company had no material transactions in foreign currencies in the current financial year or preceding financial year.

2 Summary of significant accounting policies

The accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2015 are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

- **impairment of loans and receivables**
Management exercise judgement when assessing if the loans and receivables are impaired. The loans receivable from the parent undertaking, daa, hence the test is dependent on management's assessment of the credit quality of daa.

- **fair value estimation**
Further information regarding fair value estimation is detailed in section (f).

(a) Details of the entity

DAA Finance plc is a company domiciled in Ireland. The address of the Company's registered office is Old Terminal Building, Dublin Airport, Co Dublin. The Company is primarily involved in the provision of funding to undertakings in the Group headed by daa plc ("daa"), which is the Company's parent undertaking.

(b) Financial Instruments

The Company did not use any derivative financial instruments during the current financial year or preceding financial year.

Non-derivative financial instruments comprise of loans and receivables, cash and cash equivalents, borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2015

transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides funding directly to undertakings in the Group headed by daa with no intention of trading the receivable.

Subsequent to initial measurement at fair value, loans and receivables are measured at amortised cost using the effective interest method. Interest calculated using the effective interest method is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability.

Loans receivable from the parent undertaking, daa, are repayable on demand.

An allowance for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits with an original maturity of three months or less.

Borrowings

Borrowings are initially measured at fair value and subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Other payables

Trade and other payables are stated at amortised cost.

(c) Interest income and interest expense

Interest income represents the return receivable on the loans to the parent undertaking and is recognised in the profit or loss as it accrues, using the effective interest method.

Interest expense on borrowings is recognised in the profit or loss using the effective interest rate method.

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2015

(d) **Revenue recognition**

Revenue recognised as other operating income comprises the fair value of services delivered to external customers in the accounting period, net of value added tax. Where the provision of a service is delivered over a time period, income is recognised proportionately to the time elapsed.

(e) **Income tax**

Current tax represents the expected tax payable or recoverable on the taxable result for the financial year using tax rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior financial years. It also includes payments for the tax value of tax losses being surrendered to companies in the Group headed by daa.

Deferred tax is recognised using the balance sheet method, providing for any temporary differences between the carrying amounts of financial assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(f) **Fair value estimation**

A key area of estimation for this Company would be in the determination of fair values for financial assets and financial liabilities for which there is no observable market price. Loans and receivables and borrowings are initially measured at fair value. In doing so, this requires management to apply judgement to ensure that they are initially correctly stated at fair value. After initial measurement, the fair values of loans and receivables and borrowings are disclosed. This also requires management to apply judgement to ensure that fair values are correctly disclosed.

IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical asset or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), including inputs from markets that are not considered to be active; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company. The

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Notes to the financial statements *(continued)*

for the financial year ended 31 December 2015

Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments.

Fair values of the Company have been determined based on the following methods:

- the fair value of the loan notes is based on exit prices obtained from third party financial institutions at the balance sheet date;
- fair values for bank loans are based on discounted expected future principal and interest cash flows, assuming no prepayments. The interest rates used are observable and market based and include appropriate credit margins, externally sourced, which take account of the credit quality of the Company; and

The fair values for each class of financial asset and liability fall into Level 2 of the hierarchy. The valuation methods use inputs that are market observable and externally sourced and management do not make significant judgements or estimations in the calculations of fair values. Therefore, estimation uncertainty is considered to be low.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(g) New standards and interpretations not yet effective

The new standards and interpretations first applying in the current financial year have had no effect on the financial statements.

A number of new standards, amendments to standards and interpretations in issue are not yet effective for accounting periods beginning on or before 1 January 2015, and the Company has not early adopted them. None of these will have any effect on the financial statements of the Company apart from IFRS 9 "Financial Instruments".

IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into three classifications - amortised cost, fair value and fair value through other comprehensive income. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset would be measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If an asset meets both of these conditions it is required to be measured at fair value through other comprehensive income unless, on initial recognition, it is designated at fair value through profit or loss to address an accounting mismatch. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2015

IFRS 9 doesn't change the basic accounting model for financial liabilities under IAS 39. Two measurement categories continue to exist: fair value through profit and loss and amortised cost. Financial liabilities held for trading are measured at fair value through profit and loss, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

The requirements under IFRS 9 for impairment, hedge accounting and equity instruments are not likely to affect the Company.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted once the standard is endorsed by the European Union. The Company does not plan to adopt this standard early.

3 Financial risk management

Financial risk factors

The Company can use derivative instruments (principally interest rate swaps) to hedge certain risk exposures which may arise from financing activities but did not use any derivative instruments during the current financial year or preceding financial year. The Company does not trade in financial instruments nor does it enter into any leveraged derivative transactions.

(i) Credit risk

The principal financial assets of the Company are the loans to the parent undertaking, daa, which are repayable on demand. Due to the nature of the counterparty, the concentration of credit risk is not considered likely to lead to a significant risk of financial loss.

(ii) Liquidity risk

The Company has minimal liquidity risk due to the fact that the repayments of loans due from the parent undertaking, daa, are repayable on demand and daa has sufficient liquidity to ensure that it will meet its financial commitments to the Company when they fall due.

(iii) Interest rate risk

The Company's policy is to protect the profit and loss account and cash flows from material adverse movements in interest rates by undertaking controlled management of the interest rate structure on the Company's borrowings and investments. At the end of 2015, 72% of the Company's debt was denominated as fixed interest debt. All outstanding loans and borrowings in the current and preceding financial year are at fixed interest rates except for the European Investment Bank loan (€260 million) which is at a floating rate (see Note 16), which is based on six monthly EURIBOR settings.

(iv) Foreign currency risk

All of the Company's financial instruments are denominated in Euro and therefore no foreign currency risks arise.

Further disclosures in accordance with IFRS 7 "Financial Instruments: Disclosures" are given in Note 17.

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Notes to the financial statements *(continued)* for the financial year ended 31 December 2015

4 Operating segments

IFRS 8 "Operating Segments", adopts a strict management approach to segment reporting and requires that operating segments be identified on the same basis as financial information is reported internally for the purpose of allocating resources between segments and assessing their performance. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision maker and for which financial information is available. The Company's Chief Operating Decision maker is the Board.

The Company has one reportable segment - Financing - as described below, which is the Company's strategic business unit. For this strategic business unit, the senior finance management of the Company's parent undertaking review internal management reports on a regular basis. Financing includes the provision of funding to undertakings in the Group headed by daa, including the surrender of Group tax relief. There are no other significant operations in the Company. The Company's revenue is solely generated from the return receivable on the loans to the parent undertaking (daa).

5 Interest income and interest expense

	2015 €000	2014 €000
Interest income		
Interest on loans to parent undertaking	36,885	31,705
	<hr/>	<hr/>
Interest expense		
Interest expense on financial liabilities measured at amortised cost:		
On loan notes	36,685	36,659
On bank borrowings	3,853	5,169
	<hr/>	<hr/>
	40,538	41,828
	<hr/>	<hr/>
Net interest expense	(3,653)	(10,123)
	<hr/> <hr/>	<hr/> <hr/>

Interest on loans to the parent undertaking represents the return receivable on the loans to the parent undertaking calculated under the effective interest method in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

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Notes to the financial statements *(continued)*
for the financial year ended 31 December 2015

6 Other operating income

	2015 €000	2014 €000
Management fee income	21	21

7 Operating costs

	2015 €000	2014 €000
Materials and services	19	44

8 Statutory and other information

Loss before income tax has been arrived at after charging the following amounts:

	2015 €000	2014 €000
Auditors' remuneration		
– audit of individual accounts	14	14
– other assurance services	1	1
– tax advisory services	-	-
– other non-audit services	-	-
	15	15
Directors' remuneration/key management compensation	-	-

Other than the directors, the Company had no employees or direct key management personnel during the current financial year or preceding financial year.

DAA Finance plc

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2015

9 Income tax

(i) Income tax recognised in the income statement

	2015 €000	2014 €000
Current tax:		
Corporation tax group relief credit	692	2,437
	<u>692</u>	<u>2,437</u>
Deferred tax:		
<i>Origination/reversal of temporary differences:</i>		
Deferred tax (charge)/credit for the financial year	(137)	866
	<u>(137)</u>	<u>866</u>
Tax on profit on ordinary activities	<u>555</u>	<u>3,303</u>

The corporation tax group relief credit in the financial year arises due to the surrender of tax losses to undertakings in the Group headed by daa. The deferred tax relates to temporary differences arising on interest payable.

(ii) Reconciliation of effective tax rate

The following table relates the applicable Ireland statutory tax rate to the effective tax rate of the Company:

	2015 €000	2014 €000
Loss before income tax	(3,651)	(10,146)
Income tax at standard		
Irish corporation tax rate 12.5% (2014: 12.5%)	456	1,268
Non-deductible expenses	(60)	(56)
Non-taxable payment received for group relief	296	1,225
Temporary differences (accrued interest)	(137)	866
Income tax credit	<u>555</u>	<u>3,303</u>

Non-taxable payment received for group relief reflects the tax value of losses being surrendered to companies in the Group headed by daa.

DAA Finance plc

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2015

10 Loans to parent undertaking

	2015 €000	2014 €000
Loans to parent undertaking		
Current	850,800	875,546

Loans to parent undertaking represent the external borrowings that have been on-lent to the Company's parent undertaking and are governed by a loan agreement which allows for interest to be charged at rates marginally above the rates applicable to the external borrowings (see Note 16). The Company considers the risk of default to be remote due to the credit quality of daa.

The loans to the parent undertaking are repayable on demand.

11 Investment in shares in subsidiary undertaking

	Shares at cost €
At 31 December 2015 and 31 December 2014	2

Details of the subsidiary undertaking are as follows:

Company	Ordinary share holding	Business	Net assets €000	Country of incorporation and operation
DAA Operations Limited	100%	Property holding company	235	Ireland

The registered office of DAA Operations Limited is Old CTB, Dublin Airport, Co. Dublin.

12 Other receivables

	2015 €000	2014 €000
Due from fellow subsidiary of parent undertaking	196	35
Other	3	3

The above receivables all fall due for payment within one year.

DAA Finance plc

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2015

13 Cash and cash equivalents

	2015 €000	2014 €000
Cash at bank	201	196

Cash at bank earns interest at floating rates based on daily bank deposit rates.

14 Deferred tax asset

	2015 €000	2014 €000
Deferred tax asset	729	866

The deferred tax asset relates to temporary differences on interest accrued.

15 Other payables

	2015 €000	2014 €000
Due to parent undertaking	700	700
Due to subsidiary undertaking	-	25
	700	725

DAA Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2015

16 Borrowings

This note provides information about the contractual terms of the Company's interest bearing borrowings which are measured at amortised cost. For more information about the Company's exposure to interest rate and liquidity risks, see Note 17.

	2015 €000	2014 €000
Non-current:		
Loan notes	548,301	547,823
Bank loans	264,814	289,583
	<hr/>	<hr/>
	813,115	837,406
	<hr/>	<hr/>
Current:		
Loan notes	1,587	1,587
Bank loans	26,098	26,183
	<hr/>	<hr/>
	27,685	27,770
	<hr/>	<hr/>
Total borrowings	840,800	865,176
	<hr/> <hr/>	<hr/> <hr/>

DAA Finance plc

Notes to the financial statements for the financial year ended 31 December 2015

16 Borrowings (continued)

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal interest rate	Year of maturity	2015		2014	
				Face value €000	Carrying value €000	Face value €000	Carrying value €000
Loan notes 2018	Euro	6.5872%	2018	549,650	549,888	549,650	549,410
Bank loan (2002)	Euro	5.12%	2016 – 2020	52,525	53,511	61,538	62,693
Bank loan (2011)	Euro	0.331%	2016 – 2031	237,059	237,401	252,353	253,073
Total interest - bearing liabilities				289,584	290,912	313,891	315,766
				839,234	840,800	863,541	865,176

Loan notes 2018 represent €549,650,000 (2014: €549,650,000) 6.5872% fixed rate Eurobonds repayable 9 July 2018, net of unamortised issue costs, which are guaranteed by the parent undertaking, daa, and are listed on the Irish Stock Exchange.

The bank loan (2002) is an 18 year amortising loan from the European Investment Bank disbursed on 19 August 2002 at a fixed rate of 5.12%, payable semi-annually. The bank loan (2011) is a 20 year amortising loan from the European Investment Bank disbursed on 26 January 2011 at a variable rate (based on 6 month EURIBOR plus a fixed 0.282% margin). The loan principal on the bank loan (2011) is repayable in instalments semi-annually. Both bank loans are guaranteed by the parent undertaking, daa.

The loan notes and bank loans have been borrowed on an unsecured, equal ranking basis.

DAA Finance plc

Notes to the financial statements

for the financial year ended 31 December 2015

16 Borrowings (continued)

Undrawn committed borrowing facilities

At 31 December 2015, the Company shared with its parent undertaking, daa, joint undrawn committed borrowing facilities of €300 million in respect of which all conditions precedent have been met. This facility expires in more than two years but not more than five years.

17 Financial instruments

Foreign currency risk

All financial instruments are denominated in Euro and hence no foreign currency risk exists.

Exposure to credit risk

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

	Carrying value	
	2015	2014
	€000	€000
Loans to parent undertaking	850,800	875,546
Other receivables	199	38
Cash and cash equivalents	201	196
	<hr/>	<hr/>
	851,200	875,780
	<hr/> <hr/>	<hr/> <hr/>

The directors believe that there are no foreseeable issues in relation to the credit quality of financial assets due to the financial profile of the undertakings and therefore no impairment allowance is necessary in respect of these assets. The credit rating of the counter party (daa) is A-, with a stable outlook (2014: BBB+, with a stable outlook). There are no amounts past due.

DAA Finance plc

Notes to the financial statements for the financial year ended 31 December 2015

17 Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments.

	Carrying amount €000	Contractual cash flows €000	6 months or less €000	6 – 12 months €000	1 – 2 years €000	2 – 5 years €000	More than 5 years €000
31 December 2015							
Loan notes	549,888	(642,498)	-	(36,207)	(36,207)	(570,084)	-
Bank loans	290,912	(303,630)	(14,066)	(14,056)	(28,067)	(83,887)	(163,554)
Due to parent undertaking	700	(700)	(700)	-	-	-	-
	841,500	(946,828)	(14,766)	(50,263)	(64,274)	(653,971)	(163,554)
31 December 2014							
Loan notes	549,410	(678,705)	-	(36,207)	(36,207)	(606,291)	-
Bank loans	315,766	(338,202)	(14,497)	(14,469)	(28,858)	(85,932)	(194,446)
Due to parent undertaking	700	(700)	(700)	-	-	-	-
Due to a subsidiary undertaking	25	(25)	(25)	-	-	-	-
	865,901	(1,017,632)	(15,222)	(50,676)	(65,065)	(692,223)	(194,446)

The Company's principal financial assets, being the loans due from the parent undertaking (see Note 10) are repayable on demand (see Note 16), being the loan notes and bank loans.

DAA Finance plc

Notes to the financial statements for the financial year ended 31 December 2015

17 Financial instruments (continued)

Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	2015	2014
	€000	€000
<i>Fixed rate instruments</i>		
Financial assets	613,399	622,473
Financial liabilities	(603,399)	(612,103)
	<hr/>	<hr/>
	10,000	10,370
	<hr/>	<hr/>
<i>Variable rate instruments</i>		
Financial assets	237,602	253,269
Financial liabilities	(237,401)	(253,073)
	<hr/>	<hr/>
	201	196
	<hr/>	<hr/>

Interest rate sensitivity analysis

The Company has not used any hedging instruments in the current financial year or preceding financial year. In the main, the Company's variable rate financial liabilities are matched by variable rate financial assets with matching repayment terms.

The Company's sensitivity to an increase and decrease in interest rates is set out below. The rates used in the sensitivity analysis are as follows:

EUR	2015	2014
	1%	1%
	As at 31	As at 31
	December 2015	December 2014
	€000	€000
EUR interest payable on bank loan	+/- 2,304	+/- 2,444

DAA Finance plc

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2015

17 Financial instruments *(continued)*

Fair values

The fair values of financial instruments together with the carrying amounts shown in the statement of financial position are as follows:

	2015		2014	
	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Cash and cash equivalents	201	201	196	196
Loans to parent undertaking	850,800	850,800	875,546	875,546
Other receivables	199	199	38	38
Loan notes	(549,888)	(636,125)	(549,410)	(659,315)
Bank loans	(290,912)	(297,812)	(315,766)	(325,002)
Other payables	(700)	(700)	(725)	(725)

Basis for determining fair values

Loans to parent undertaking

As these amounts fall due within one year, the actual amount receivable is deemed to reflect the fair value.

Other receivables/Other payables

As these amounts fall due within one year, the actual amount receivable/payable is deemed to reflect the fair value.

Loan notes

The fair value is based on exit prices obtained from third party financial institutions. The fair values fall within Level 2 of the fair value hierarchy.

Bank loans

Fair value is calculated based on discounted expected future principal and interest cash flows, assuming no prepayments. The average observable market interest rate used for determining fair value at 31 December 2015 was 1.1% (2014: 1.0%) and included an appropriate credit margin, externally sourced, taking into account the credit quality of the Company. The interest rate of 1.1% is substantially lower than the fixed rates payable on the bank loans due to the current and projected low interest rate environment. The fair values fall within Level 2 of the fair value hierarchy.

DAA Finance plc

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2015

18 Called up share capital presented as equity

	2015 €000	2014 €000
Authorised		
1,000,000 ordinary shares of €1 each	1,000	1,000
Allotted, called up and fully paid		
40,000 ordinary shares of €1 each	40	40

19 Capital contribution reserve

	2015 €000	2014 €000
At beginning and end of financial year	36,100	28,681
Capital contribution for the financial year	2,780	7,419
At end of financial year	38,880	36,100

20 Retained earnings

	2015 €000	2014 €000
At beginning of financial year	(25,395)	(18,552)
Loss for the financial year	(3,096)	(6,843)
At end of financial year	(28,491)	(25,395)

DAA Finance plc

Notes to the financial statements *(continued)* for the financial year ended 31 December 2015

21 Related parties

The principal related party relationships requiring disclosure in the financial statements under IAS 24 Related Party Disclosures relate to the existence of the parent undertaking, daa, and transactions with this entity and its subsidiaries entered into by the Company.

During the financial year, the Company recognised an income tax credit for the surrender of tax losses to the parent undertaking, to the Company's subsidiary and to fellow subsidiaries of the parent undertaking. The total group relief surrendered to the parent undertaking amounted to €0.8 million (2014: €2.4 million) The total group relief surrendered to the Company's subsidiary amounted to €8,229 (2014: €8,226). The total group relief surrendered to fellow subsidiaries of the parent undertaking amounted to €79,966 (2014: €34,694).

During the financial year, the Company recognised interest income of €36.9 million (2014: €31.7 million) on loans advanced to the parent undertaking and management fee income of €20,518 (2014: €20,651).

At the year end, loans to the parent undertaking were €850.8 million (2014: €875.5 million) (Note 10), other receivables due from fellow subsidiaries of the parent undertaking were €195,673 (2014: €34,694) (Note 12), other payables due to the parent undertaking were €0.7 million (2014: €0.7 million) (Note 15) and other payables due to the subsidiary undertaking were nil (2014: €24,651) (Note 15). These balances will be settled in cash.

The Company also received a capital contribution from daa during the financial year of €2.8 million (2014: €7.4 million).

The parent undertaking has guaranteed the loans and borrowings of the Company (Note 16).

The Company is a wholly owned subsidiary of daa, a company incorporated and operating in Ireland. The financial statements of DAA Finance plc are reflected in the consolidated financial statements prepared for daa. The consolidated financial statements of daa are available from the Secretary at Head Office, Old CTB, Dublin Airport, Co Dublin and on www.daa.ie.

22 Management of capital

The capital of the Company comprises the share capital, capital contribution reserve and retained earnings. The Company operates within the larger group headed by daa who have provided sufficient capital to fund loss-making activities.

23 Approval of financial statements

The financial statements were approved by the Board of Directors on 15 March 2016.