DAA Finance plc

Reports and financial statements

For the financial year ended 31 December 2018

Registered number 326966

DAA Finance plc

Reports and Financial Statements

Contents

DAA Finance plc

Directors and other information

Directors	Dalton Philips (Chairman) Ray Gray Catherine Gubbins Marion O'Brien
Registered Number	326966
Registered Office	Old Terminal Building Dublin Airport Co. Dublin
Secretary	Marion O'Brien
Solicitor	Arthur Cox Ten Earlsfort Terrace Dublin 2
Independent Auditor	Deloitte Ireland LLP Chartered Accountants & Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2
Principal bankers	Bank of Ireland Group Barclays Bank Ireland plc BNP Paribas S.A, Dublin Danske Bank A/S European Investment Bank HSBC Bank plc Ulster Bank Ireland Limited

DAA Finance plc

Report of the directors

The directors submit their report together with the financial statements of DAA Finance plc ("the Company") for the financial year ended 31 December 2018.

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 Euronext Dublin and bank loans from the European Investment Bank.

Business Review and Key Performance Indicators

The Company paid interest and made debt repayments on all borrowings by the due dates during the financial year. On 9 July 2018, €290.2 million notes due in 2018 were repaid. The repayment was funded by existing cash and by daa partially repaying the loans to parent undertaking.

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, total value of losses surrendered in 2018 was €2.9 million (2017: €2.6 million), total tax value of losses surrendered in 2018 was €2.9 million (2017: €2.6 million). Debt repayments were funded from repayments by daa of the monies on-lent by the Company.

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

- the Company incurred a loss after tax of €11.7 million (2017: loss after tax of €11.4 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 €3.6 million (2017: €14.0 million);
- interest expense from notes and borrowings amounted to €17.9 million (2017: €27.9 million);
- the Company's total indebtedness at 31 December 2018 was €614.5 million (2017: €931.5 million);

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 borrowings 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 regular review and monitoring of compliance with the terms and conditions of the borrowings.

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

Please see Note 19 where liquidity, credit and market risks are discussed.

Results and Dividends

The results for the financial year are set out on page 12. The directors do not propose the payment of a dividend (2017: €Nil).

Directors, Secretary and their Interests

The names of the persons who, at any time during the financial year, were directors of the Company:

Dalton Philips
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 2018 or 1 January 2018.

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 Old Terminal Building, Dublin Airport, Co. Dublin.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014 the directors: (a) acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation); (b) confirm that a compliance policy statement has been drawn up and that appropriate arrangements or structures are in place that are, in the directors' opinion, designed to secure material compliance with the relevant obligations; and (c) confirm that a review has been conducted post year end of the arrangements and/or structures that have been put in place as referred to in (b) above.

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 (August 2016) (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 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; which the company has adopted and applies appropriately;
- 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.

Audit Committee

The Company has not established an Audit Committee on the basis that it is part of a group which has an Audit Committee. The Group Audit Committee performs the relevant functions as required by the Companies Act 2014 on a group wide basis, including periodic review of procedures and controls by the Group Internal Audit function and review of the Company's financial performance by the Group finance function.

Key responsibilities of the Audit Committee include:

- monitoring of the financial reporting process;
- monitoring and reviewing the internal control and risk management systems and the effectiveness of the internal audit function;
- In relation to external auditors, recommending appointments, monitoring effectiveness, independence and objectivity, approving remuneration and terms of engagement and determining policy on the supply of non-audit services; and
- reviewing of arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

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.

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.

Statement on Relevant Audit Information

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants & Statutory Audit Firm, as appointed on 13 July 2012, 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

21 March 2019

DAA Finance plc

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 European Union ("Relevant Financial Reporting Framework"). 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 the Main Securities Market Listing Rules of Euronext Dublin applicable to debt issuers 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Ireland governing the preparing and dissemination of financial statements may differ from legislation in other jurisdictions.

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

Independent auditor's report to the members of DAA Finance plc

Report on the audit of the financial statements

Opinion on the financial statements of DAA Finance plc (the 'company')

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 2018 and of the loss the company 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.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Cash Flows;
- the Statement of Changes in Equity; and
- the related notes 1 to 27, including a summary of significant accounting policies as set out in note 3.

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 ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority, as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Deloitte.

Independent auditor's report to the members of DAA Finance plc

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	How the scope of our audit responded to the key audit matter
Recoverability of loans to parent undertaking The carrying value of the loans to parent undertaking as at 31 December 2018 is €618.5m which represents 99% of total current assets at year end. The recoverability of loans to parent undertaking is considered a key audit matter, as the company is dependent on the repayment of the loans in order to meet its obligations to repay borrowings. There is a risk that loans to parent undertakings are not recorded at their recoverable amount. Refer also to note 13 in the financial statements.	We evaluated management's assessment of the recoverability of these loans which included consideration of the assets and undrawn committed credit facilities available. We also considered the detail and sufficiency of the disclosures provided in note 13 in the financial statements.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to the risk described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be €6,200,000 which is approximately 1% of borrowings. We have considered borrowings to be the critical component for calculating materiality because the main objective of the company is to obtain funding which is on-lent to undertakings in the Group headed by daa plc.

We agreed with the Board of Directors that we would report to them any audit differences in excess of €310,000, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the company and its environment, including the accounting processes and controls in place and the industry in which the company operates. Based on this assessment, we identified the risks of material misstatement.

Independent auditor's report to the members of DAA Finance plc

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and financial statements for the financial year ended 31 December 2018, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

Deloitte.

Independent auditor's report to the members of DAA Finance plc

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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 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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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 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 of the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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.

Other matters which we are required to address

Following the recommendation of the Board of Directors, we were reappointed by the Directors on 16 June 2017 to audit the financial statements for the financial year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years, covering the years ending 31 December 2012 to 31 December 2018.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

Emer O'Shaughnessy
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date 27 March 2019

DAA Finance plc

Statement of comprehensive income
for the financial year ended 31 December 2018

	Note	**2018 €000**	2017 €000
Interest income	*7*	**3,617**	13,995
Interest expense	*7*	**(17,904)**	(27,906)
Net interest expense	*7*	**(14,287)**	(13,911)
Other operating income	*8*	**37**	20
Operating costs	*9*	**(34)**	(19)
Loss before income tax		**(14,284)**	(13,910)
Income tax credit	*11*	**2,634**	2,516
Loss for the financial year and total comprehensive income	*22*	**(11,650)**	(11,394)

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

DAA Finance plc

Statement of financial position
as at 31 December 2018

	Note	**31 December 2018 €000**	31 December 2017 €000
Assets			
Non-current assets			
Deferred tax asset	*12*	**177**	435
Current assets			
Loans to parent undertaking	*13*	**618,489**	794,558
Other receivables	*14*	**396**	1,153
Cash and cash equivalents	*15*	**929**	140,388
Total current assets		**619,814**	936,099
Total assets		**619,991**	936,534
Equity			
Called up share capital presented as equity	*20*	**40**	40
Capital contribution reserve	*21*	**65,062**	52,961
Retained earnings	*22*	**(60,304)**	(48,654)
Total equity attributable to equity holders of the Company		**4,798**	4,347
Liabilities			
Non-current liabilities			
Borrowings	*17*	**587,480**	613,789
Current liabilities			
Amounts due to parent undertaking	*16*	**700**	700
Borrowings	*17*	**27,013**	317,698
Total current liabilities		**27,713**	318,398
Total liabilities		**615,193**	932,187
Total equity and liabilities		**619,991**	936,534

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2019. They were signed on its behalf by:

Ray Gray
Director

Catherine Gubbins
Director

DAA Finance plc

Statement of cash flows
for the financial year ended 31 December 2018

	Note	2018 €000	2017 €000
Net cash from operating activities	18	**2**	1
Investing activities			
Loan repayment from parent undertaking		**176,069**	25,257
Capital contribution from parent undertaking	21	**12,101**	10,139
Interest received from parent undertaking		**3,617**	13,995
Payments received for Group income tax relief		**3,650**	3,029
Net cash flows from investing activities		**195,437**	52,420
Financing activities			
Repayment of bank loans		**(25,769)**	(25,257)
Repayment of loan notes		**(290,218)**	-
Interest and similar charges paid		**(18,911)**	(27,831)
Net cash flows from financing activities		**(334,898)**	(53,088)
Net decrease in cash and cash equivalents		**(139,459)**	(667)
Cash and cash equivalents at beginning of financial year		**140,388**	141,055
Cash and cash equivalents at end of financial year	15	**929**	140,388

Statement of changes in equity
for the financial year ended 31 December 2018

	Note	Share capital €000	Capital contribution reserve €000	Retained earnings €000	Total equity €000
Balance at 1 January 2017		40	42,822	(37,260)	5,602
Total comprehensive income for the financial year					
Movement for the financial year	*21, 22*	-	10,139	(11,394)	(1,255)
Balance at 31 December 2017		**40**	**52,961**	**(48,654)**	**4,347**
Balance at 1 January 2018		40	52,961	(48,654)	4,347
Total comprehensive income for the financial year					
Movement for the financial year	*21, 22*	-	12,101	(11,650)	451
Balance at 31 December 2018		**40**	**65,062**	**(60,304)**	**4,798**

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

Notes to the financial statements

for the financial year ended 31 December 2018

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 Going concern

The financial statements have been prepared on the going concern basis. The Company is dependent on the continuity of the financial agreements with daa, who in turn has guaranteed the Company's debt. The directors are satisfied that the going concern is appropriate on the basis of the commitment of support from the parent company, daa plc.

3 Summary of significant accounting policies

The accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2018 are set out below.

(a) Details of the entity
DAA Finance plc is a public company limited by shares registered and domiciled in Ireland. The address of the Company's registered office is Old Terminal Building, Dublin Airport, Co Dublin and its registered number is 326966. 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) New standards and amendments
The new standards and interpretations first applying in the current financial year include IFRS 9 Financial Instruments and IFRS15 Revenue from Contracts with customers. The standards have had no effect on the financial statements, in the current year or prior periods.

IFRS 9 Financial Instruments

The new standard IFRS 9 Financial Instruments, effective 1 January 2018, required consideration by the company of the existing accounting policies. This has been considered and there is no material change to the treatment of financial instruments.

IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into three classifications - amortised cost, fair value through profit or loss and fair value through

3 Summary of significant accounting policies *(continued)*

other comprehensive income. A financial asset is 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 unless on initial recognition it is designated at fair value through profit or loss to address an accounting mismatch. A financial asset is 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 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 are measured at fair value through profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

IFRS 9 does not 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 Company has considered the above and the new classification requirements do not have a material impact on its accounting for loans and receivables, borrowings and trade and other payables which will continue to be held at amortised cost as a result, there are no changes to comparative amounts.

The requirements under IFRS 9 for, hedge accounting and equity instruments do not affect the Company.

IFRS 15 Revenue from Contracts with Customers

The new standard IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018 is not applicable for the Company, as no Revenue contracts are in place.

3 Summary of significant accounting policies *(continued)*

New standards, amendments to standards and interpretations in issue not yet effective for accounting periods are included in the table below. These are not expected to have a material effect.

Title	***Key requirements***	***Effective Date ****
IFRS 16 *Leases*	IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expenses will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.

3 Summary of significant accounting policies *(continued)*

Title	***Key requirements***	***Effective Date ****
IFRS 17 *Insurance Contracts*	IFRS 17 was issued in May 2017 as replacement for IFRS 4 *Insurance Contracts*. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	1 January 2021

3 Summary of significant accounting policies *(continued)*

Title	*Key requirements*	*Effective Date **
Interpretation 23 *Uncertainty over Income Tax Treatments*	The interpretation explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.	1 January 2019

* applicable to reporting periods commencing on or after the given date

3 Summary of significant accounting policies *(continued)*

(c) 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 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.

The group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for other receivables. The expected loss rates are based on the credit rating of the counterparty and the outlook for their performance. Where the credit rating of a counterparty declines and results in material uncertainty over the recoverability of the receivable an amount equal to lifetime ECL will be recognised. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The amount of the allowance is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3 Summary of significant accounting policies *(continued)*

Borrowings
Borrowings are initially measured at fair value, less transaction costs, 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.

Derecognition of financial assets and liabilities
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(d) 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.

(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.

3 Summary of significant accounting policies *(continued)*

(f) Fair value estimation

An 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 and subsequently stated at amortised cost. In doing so, this requires management to apply judgement to ensure that they are initially correctly stated at fair value, which management assume to be equal to market value at the day of execution. After initial measurement, the fair values of loans and receivables and borrowings are disclosed in the notes. 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 assets 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. The 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;

3 Summary of significant accounting policies *(continued)*

- the fair values of the loans to the parent undertaking are based on judgement applied by management in relation to the credit quality of the parent and ability of the parent to repay the loans on demand.

The fair values of the loan notes and bank loans fall into Level 2 and Level 3 respectively 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. Loan notes are listed on Euronext Dublin however no active market price is available via Euronext Dublin. Prices are obtained from brokers in order to value the loan notes, and prices can vary based on the broker. For this reason, the fair value of the loan notes are classified as Level 2. The fair values of the loans to the parent undertaking fall into Level 3 of the hierarchy. The valuation methods use inputs that are not based on observable market data (that is, unobservable inputs). The assumptions made in determining the fair value of these financial assets are set out below in Note 4 'Critical Accounting Judgements and Estimates'.

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

4 Critical Accounting Judgements and Estimates

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for income and expenses during the period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A key source of estimation uncertainty and critical accounting judgement includes, but is not limited to, the following:

Impairment of loans and receivables:
Management exercise judgement when assessing if the loans and receivables are impaired. The loans are receivable from the parent undertaking, daa, hence the test is dependent on management's assessment of the credit quality of daa which is based on daa's credit rating assigned to daa by Standard & Poor's Global Ratings.

5 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 group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables and assets. The expected loss rates are based on the credit rating of the counterparty and the outlook for their performance. 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 statements of comprehensive income 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 2018, 69% (2017: 78%) 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 19), which is based on six monthly EURIBOR settings. In December 2018, the Company entered into a fixed rate of 1.05% to maturity on the €260 million loan directly with the European Investment Bank.

(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 19.

6 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 - 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 generated from the return receivable on the loans to the parent undertaking (daa) and management fees received from the parent undertaking.

7 Interest income and interest expense

	2018	2017
	€000	€000
Interest income		
Interest on loans to parent undertaking	**3,617**	13,995
Interest expense		
Interest expense on financial liabilities measured at amortised cost:		
On loan notes	**16,322**	25,621
On bank borrowings	**1,381**	1,959
Custodial charges	**201**	326
	17,904	27,906
Net interest expense	**(14,287)**	(13,911)

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 IFRS 9 Financial Instruments.

8 Other operating income

	2018	2017
	€000	€000
Management fee income	**37**	20

9 Operating costs

	2018	2017
	€000	€000
Materials and services	**34**	19

10 Statutory and other information

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

	2018	2017
	€000	€000
Auditors' remuneration		
– audit of individual accounts	**25**	25
– other assurance services	-	-
– tax advisory services	-	-
– other non-audit services	-	-
	25	25
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.

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2018

11 Income tax

(i) Income tax recognised in the income statement

	2018 €000	2017 €000
Current tax:		
Corporation tax group relief credit	**2,903**	2,604
Adjustment in respect of prior years	**(11)**	(21)
	2,892	2,583
Deferred tax:		
Origination/reversal of temporary differences:		
Deferred tax charge for the financial year	**(258)**	(67)
	(258)	(67)
Total income tax credit	**2,634**	2,516

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 tax credit

The following table reconciles the applicable Irish statutory tax rate to the effective tax rate of the Company:

	2018 €000	2017 €000
Loss before income tax	**(14,284)**	(13,910)
Income tax credit at the standard rate of tax in the Republic of Ireland for the year ended 31 December 2018 of 12.5% (2017: 12.5%)	**1,786**	1,739
Non-deductible expenses	**(24)**	(54)
Income taxed at higher rates	**883**	852
Adjustment in respect of prior years	**(11)**	(21)
Income tax credit	**2,634**	2,516

Non-deductible expenses relate to bond costs amortised and other disallowable expenses booked to the Statement of Comprehensive Income.

12 Deferred tax asset

	2018 €000	2017 €000
Deferred tax asset	**177**	435

The deferred tax asset relates to temporary differences on interest accrued. Although the Company is loss making, it has the ability to charge for group relief on the interest, therefore it is appropriate to recognise a deferred tax asset on same.

13 Loans to parent undertaking

	2018 €000	2017 €000
Loans to parent undertaking		
Current	**618,489**	794,558

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 gives the flexibility to charge interest on some or all of the loans to parent undertaking. 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.

14 Other receivables

	2018 €000	2017 €000
Amounts due from fellow subsidiary undertakings	**396**	1,153

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

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2018

15 Cash and cash equivalents

	2018 **€000**	2017 €000
Cash at bank and in hand	**929**	143
Short term bank deposits	**-**	140,245
	929	140,388

16 Amounts due to parent undertaking

	2018 **€000**	2017 €000
Amounts due to parent undertaking	**700**	700

The above payables are due for payment within one year.

17 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 19.

	2018 **€000**	2017 €000
Non-current:		
Loan notes	**400,000**	400,000
Bank loans	**187,480**	213,789
	587,480	613,789
Current:		
Loan notes	**272**	291,174
Bank loans	**26,741**	26,524
	27,013	317,698
Total borrowings	**614,493**	931,487

Notes to the financial statements
for the financial year ended 31 December 2018

17 Borrowings *(continued)*

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

	Currency	Nominal interest rate	Year of maturity	2018 Face value €000	2018 Carrying value €000	2017 Face value €000	2017 Carrying value €000
Loan notes 2028	Euro	1.554%	2028	**400,000**	**400,272**	400,000	400,272
Loan notes 2018	Euro	6.5872%	2018	**-**	**-**	290,218	290,902
				400,000	**400,272**	690,218	691,174
Bank loan (2002)	Euro	5.12%	2018 – 2020	**22,613**	**23,035**	33,088	33,832
Bank loan (2011)	Euro	0.013%	2018 – 2031	**191,176**	**191,186**	206,471	206,481
				213,789	**214,221**	239,559	240,313
Total interest - bearing liabilities				**613,789**	**614,493**	929,777	931,487

Loan notes 2028 represent €400,000,000 (2017: €400,000,000) 1.554% fixed rate Eurobonds repayable 7 June 2028 which are guaranteed by the parent undertaking, daa, and are listed on the main securities market of the Irish Stock Exchange.

17 Borrowings *(continued)*

Loan notes 2018 represent €Nil (2017: €290,218,000) 6.5872% fixed rate Eurobonds repaid 9 July 2018, net of unamortised issue costs, which were guaranteed by the parent undertaking, daa, and were listed on the main securities market of 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. In December 2018, the Company entered into a fixed rate of 1.05% to maturity on the bank loan (2011) directly with the European Investment Bank.

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

Undrawn committed revolving credit facility

At 31 December 2018, the Company shared with its parent undertaking, daa, a joint undrawn committed revolving credit facility 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.

18 Notes to the cash flow statement

	2018	2017
	€000	€000
Loss before income tax	**(14,284)**	(13,910)
Adjustment for:		
Net interest expense	**14,287**	13,911
Operating cash flow before movement in working capital	**3**	1
Decrease in other receivables	**(1)**	-
Net cash flows from operating activities	**2**	1

Notes to the financial statements *(continued)*

for the financial year ended 31 December 2018

18 Notes to the cash flow statement *(continued)*

Analysis of debt

	At 1 January 2018 €000	Cash flow €000	Non-cash movements €000	At 31 December 2018 €000
Cash	143	786	-	**929**
Cash equivalents	140,245	(140,245)	-	-
	140,388	(139,459)	-	**929**
Debt due within one year				
Loan notes	(291,174)	290,218	684	**(272)**
Bank loans	(26,524)	25,769	(25,986)	**(26,741)**
	(317,698)	315,987	(25,302)	**(27,013)**
Debt due after one year				
Loan notes	(400,000)	-	-	(400,000)
Bank loans	(213,789)	-	26,309	(187,480)
	(613,789)	-	26,309	(587,480)
Total	**(791,099)**	**176,528**	**1,007**	**(613,564)**

In respect of prior financial year

	At 1 January 2017 €000	Cash flow €000	Non-cash movements €000	At 31 December 2017 €000
Cash	540	(397)	-	143
Cash equivalents	140,515	(270)	-	140,245
	141,055	(667)	-	140,388
Debt due within one year				
Loan notes	(1,110)	-	(290,064)	(291,174)
Bank loans	(26,226)	25,257	(25,555)	(26,524)
	(27,336)	25,257	(315,619)	(317,698)
Debt due after one year				
Loan notes	(689,775)	-	289,775	(400,000)
Bank loans	(239,558)	-	25,769	(213,789)
	(929,333)	-	315,544	(613,789)
Total	**(815,614)**	**24,590**	**(75)**	**(791,099)**

Notes to the financial statements *(continued)*

for the financial year ended 31 December 2018

19 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	
	2018	2017
	€000	€000
Loans to parent undertaking	**618,489**	794,558
Other receivables	**396**	1,153
Cash and cash equivalents	**929**	140,388
	619,814	936,099

Expected credit losses have been considered based on the credit ratings of the counter parties. The credit rating of the counter party (daa) is A – with a positive outlook \ (2017 A- with a positive outlook) and the cash and cash equivalents are placed with counter parties with a minimum rating of A-, limiting the aggregate amount and duration of the exposure to any one counterparty primarily depending on its credit rating and by regular review of these ratings. There are no amounts past due or impaired. 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 expected credit losses on the above categories of financial assets are €Nil.

19 Financial instruments *(continued)*

Liquidity risk

The principal liquidity risk faced by the Company stems from the maturation of debt obligations and is reliant on daa, guarantor of the debt, to repay the loans due from the parent undertaking to meet the debt obligations. The Company also has access to a committed line of credit (see Note 17).

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

31 December 2018	**Carrying value €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**
Loan notes	**(400,272)**	**(458,924)**	**-**	**(6,216)**	**(6,216)**	**(18,648)**	**(427,844)**
Bank loans	**(214,223)**	**(227,305)**	**(13,676)**	**(14,620)**	**(29,184)**	**(50,397)**	**(119,428)**
Due to parent undertaking	**(700)**	**(700)**	**(700)**	**-**	**-**	**-**	**-**
	(615,195)	**(686,929)**	**(14,376)**	**(20,836)**	**(35,400)**	**(69,045)**	**(547,272)**

31 December 2017	**Carrying value €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**
Loan notes	(691,174)	(766,139)	-	(307,223)	(6,216)	(18,648)	(434,052)
Bank loans	(240,313)	(242,746)	(13,681)	(13,673)	(27,346)	(57,982)	(130,064)
Due to parent undertaking	(700)	(700)	(700)	-	-	-	-
	(932,187)	(1,009,585)	(14,381)	(320,896)	(33,562)	(76,630)	(564,116)

The Company's principal financial assets, being the loans due from the parent undertaking (see Note 13) are repayable on demand (see Note 17), being the loan notes and bank loans.

19 Financial instruments *(continued)*

Interest rate risk management

The Company borrows at both fixed and floating rates of interest. Interest rates swaps were not used to manage the Company's resulting exposure to interest rate fluctuations in the current or prior financial year.

The Company is exposed to interest rate risk as the Company holds financial assets (loans to parent undertaking and bank deposits) and financial liabilities (bank borrowings) on a floating rate basis.

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

	Carrying value	
	2018	2017
	€000	€000
Fixed rate instruments		
Financial assets	**427,302**	588,077
Financial liabilities	**(423,306)**	(725,006)
	3,996	(136,929)
Floating rate instruments		
Financial assets	**192,116**	346,869
Financial liabilities	**(191,187)**	(206,481)
	929	140,388

Interest rate sensitivity analysis

The floating rate financial liabilities fluctuate based on EURIBOR and comprise of bank borrowings bearing interest rates fixed in advance for a 6 month period. These bank borrowings have been on-lent to the parent undertaking on a floating rate basis thereby negating the Company's floating rate financial liabilities risk.

If interest rates applicable to these bank borrowings (as noted in Note 17) were to rise/fall by 0.5%, holding all other items constant, interest payable would change by +/- €1 million (2017: +/- €1.0 million).

These impacts are calculated based on the closing balance sheet for the relevant period and assume all party interest rates and interest curves change by the same amount.

The balance of the floating rate financial assets comprises of bank deposits and fluctuate based on EURIBOR. If interest rates applicable to these bank deposits were to rise/fall by 0.5%, interest receivable would change by +/- €5,000 (2017: +/- €0.7 million).

19 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:

	2018		2017	
	Carrying value	**Fair value**	Carrying value	Fair value
	€000	**€000**	€000	€000
Cash and cash equivalents	**929**	**929**	140,388	140,388
Loans to parent undertaking	**618,489**	**618,489**	794,558	794,558
Other receivables	**396**	**396**	1,153	1,153
Loan notes	**(400,272)**	**(400,716)**	(691,174)	(706,571)
Bank loans	**(214,221)**	**(217,027)**	(240,313)	(243,621)
Other payables	**(700)**	**(700)**	(700)	(700)

Basis for determining fair values

Loans to parent undertaking
As these amounts are repayable on demand, the actual amount receivable is deemed to reflect the fair value. The key judgements and assumptions applied by management in determining if the fair value of loans to the parent undertaking are correctly stated relate to (i) the credit quality of the counter party, daa, and (ii) daa's ability to repay the loans on demand. Management's assessment of the credit quality of daa is based on the credit rating assigned to daa by Standard & Poor's Global Ratings. Management's assessment of daa's ability to repay the loans on demand is based on the Company's knowledge of daa's working capital and liquidity. The fair values fall within Level 3 of the fair value hierarchy.

Other receivables/Other payables
As these amounts fall due within one year, the actual amount receivable/payable is deemed to reflect the fair value. The fair values fall within Level 3 of the fair value hierarchy.

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 2018 was 0.7% (2017: 0.8%) and included an appropriate credit margin, externally sourced from the lending bank, taking into account the credit quality of the Company. The interest rate of 0.7% 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 3 of the fair value hierarchy.

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2018

20 Called up share capital presented as equity

	2018 €000	2017 €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

21 Capital contribution reserve

	2018 €000	2017 €000
At beginning of financial year	**52,961**	42,822
Capital contribution for the financial year	**12,101**	10,139
At end of financial year	**65,062**	52,961

22 Retained earnings

	2018 €000	2017 €000
At beginning of financial year	**(48,654)**	(37,260)
Loss for the financial year	**(11,650)**	(11,394)
At end of financial year	**(60,304)**	(48,654)

23 Investment in shares in subsidiary undertaking

	Shares at cost €
At 31 December 2018 and 31 December 2017	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	351	Ireland

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

24 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 €2.5 million (2017: €1.4 million). The total group relief surrendered to the Company's subsidiary amounted to €8,788 (2017: €8,222). The total group relief surrendered to fellow subsidiaries of the parent undertaking amounted to €0.4 million (2017: €1.2 million).

During the financial year, the Company recognised interest income of €3.6 million (2017: €14.0 million) on loans advanced to the parent undertaking and management fee income of €36,501 (2017: €20,438).

At the year end, loans to the parent undertaking were €618.5 million (2017: €794.6 million) (Note 13), other receivables due from fellow subsidiaries of the parent undertaking were €0.4 million (2017: €1.2 million) (Note 14), other payables due to the parent undertaking were €0.7 million (2017: €0.7 million) (Note 16). These balances will be settled in cash.

The Company also received a capital contribution from daa during the financial year of €12.1 million (2017: €10.1 million).

The parent undertaking has guaranteed the loans and borrowings of the Company (Note 17).

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.

25 Management of capital

The capital structure of the Company consists of debt related financial liabilities, cash and cash equivalents and equity attributable to the parent undertaking, daa, comprising share capital, capital contribution reserve and retained earnings as disclosed in the Statement of Changes in Equity on page 15. The parent undertaking provides sufficient capital to fund the company's loss making activities. The Company operates within the larger group headed by daa who have provided sufficient capital to fund loss-making activities.

The principal activity of the Company is the provision of funding to undertakings in the Group headed by daa. The Company has listed loan notes on the main securities market of the Euronext Dublin and bank loans from the European Investment Bank which it has on-lent to daa.

Notes to the financial statements *(continued)*
for the financial year ended 31 December 2018

25 Management of capital *(continued)*

The financing structure of the Company is managed in order to optimise shareholder value while allowing the Group to take advantage of opportunities that arise to grow the business. The Group targets investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow and/or borrowings while maintaining the Group's investment grade credit rating.

The Company's joint €300 million committed revolving credit facility (RCF) with daa, agreed in November 2015 for a five year term, was extended by another year in 2017. This RCF provides the Group with a substantial level of standby liquidity to November 2022.

The loan notes and the bank loans are not subject to financial covenants.

26 Controlling party

The Company is a wholly owned subsidiary of daa plc. Both companies are incorporated in the Republic of Ireland. Consolidated group accounts of DAA Finance plc are not prepared as provided for under IAS 27 and Section 297 of the Companies Act 2014. These are separate financial statements and are consolidated into the financial statements prepared by that company. The consolidated financial statements of daa plc are available from the secretary at Head Office, Old CTB, Dublin Airport. Co. Dublin.

27 Approval of financial statements

The financial statements were approved by the Board of Directors on 21 March 2019.