

AIRPORT MANAGEMENT SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

AIRPORT MANAGEMENT SERVICES LIMITED
CONTENTS

Page

| | |
|---|--|
| 3 | Directors' Report |
| 4 | Statement of Directors' Responsibilities |
| 5 | Independent Auditor's Report |
| 6 | Profit and Loss Account |
| 6 | Statement of Total Recognised Gains and Losses |
| 7 | Balance Sheet |
| 8 | Notes to the Financial Statements |

DIRECTORS

| | |
|------------------------------|-------------------|
| Grenville Johnston OBE TD CA | Chairman |
| Inglis Lyon | Managing Director |
| Gillian Bruton | |
| David Savile | |
| Lorna Jack-Hooijenga | |
| James McLaughlin | |
| Timothy Whittome | |

COMPANY SECRETARY

Inglis Lyon

REGISTERED OFFICE

Inverness Airport
Inverness
IV2 7JB

AUDITOR

Scott Moncrieff
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

AIRPORT MANAGEMENT SERVICES LIMITED DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended 31 March 2014.

RESULTS AND DIVIDENDS

The trading profit for the year, after taking account of taxation, amounted to £1,000. The Directors recommend that no dividend be paid, leaving the full amount to be set against reserves.

PRINCIPAL ACTIVITY

The company's principal activity is the provision of airport services.

AUDITOR

The auditor, Ernst & Young LLP resigned during the year, and Scott Moncrieff were subsequently appointed. Scott Moncrieff will be proposed for reappointment in accordance with section 485 of the Companies Act

DIRECTORS

The Directors who served during the year to 31 March 2014 and subsequently are:

| | | |
|----------------------|-------------------|-----------------------------|
| Grenville Johnston | Chairman | |
| Inglis Lyon | Managing Director | |
| Michael Cantlay | Director | (Resigned 28 February 2014) |
| Gillian Bruton | Director | (Appointed 22 May 2013) |
| David Savile | Director | |
| Lorna Jack-Hooijenga | Director | (Appointed 1 March 2014) |
| James McLaughlin | Director | (Appointed 1 March 2014) |
| Timothy Whittome | Director | (Appointed 1 March 2012) |

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 2. Having made enquiries of fellow Directors and of the company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

The report of the Directors has been prepared in accordance with the special provisions relating to companies subject to small companies regime within Part 15 of the Companies Act 2006.

By order of the board


Inglis Lyon
Company Secretary
13 August 2014

**AIRPORT MANAGEMENT SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to: -

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AIRPORT MANAGEMENT SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRPORT MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Airport Management Services Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report.



Nick Bennett (Senior statutory auditor)
for and on behalf of Scott Moncrieff, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

13 August 2014

AIRPORT MANAGEMENT SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

| | Notes | 2014 £000 | 2013 £000 |
|---|-------|----------------|----------------|
| TURNOVER – Continuing operations | 2 | 4,296 | 4,050 |
| DIRECT OPERATING COSTS | | <u>(4,295)</u> | <u>(4,049)</u> |
| GROSS PROFIT | | 1 | 1 |
| ADMINISTRATIVE EXPENSES | | — | — |
| OPERATING PROFIT – Continuing operations | 3 | 1 | 1 |
| OTHER FINANCE COSTS | | — | — |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1 | 1 |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 4 | — | — |
| PROFIT FOR THE FINANCIAL YEAR | | <u>1</u> | <u>1</u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Total profit recognised relating to the year | <u>1</u> | <u>1</u> |

Notes 1 to 10 form part of these financial statements

AIRPORT MANAGEMENT SERVICES LIMITED
BALANCE SHEET
AS AT 31 MARCH 2014

| | Notes | 2014 £000 | 2013 £000 |
|--|-------|--------------|--------------|
| FIXED ASSETS | | | |
| Tangible assets | | - | - |
| CURRENT ASSETS | | | |
| Debtors | 5 | 447 | 396 |
| Cash at bank and in hand | | <u>64</u> | <u>56</u> |
| | | 511 | 452 |
| CREDITORS: Amounts falling due within one year | 6 | <u>(504)</u> | <u>(446)</u> |
| NET CURRENT ASSETS | | <u>7</u> | <u>6</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 7 | 6 |
| ACCRUALS AND DEFERRED INCOME | | - | - |
| NET ASSETS | | <u>7</u> | <u>6</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 7 | 5 | 5 |
| Profit and loss account | 8 | <u>2</u> | <u>1</u> |
| | | 7 | 6 |

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the board of directors on 13 August 2014 and signed on its behalf by:



Grenville Johnston
Chairman
Director

Inglis Lyon
Managing

13 August 2014

Notes 1 to 10 form part of these financial statements

AIRPORT MANAGEMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The company's parent receives subsidies from the Scottish Ministers on an annual basis to ensure the continuing operation of Airport Management Services Limited. The annual financial statements are prepared on the assumption that the company will continue to receive such subsidies, via the parent company, for the foreseeable future.

The parent company, Highlands and Islands Airports Limited, sets an annual group budget which aims to balance income, expenditure and operating subsidy provisions set by government. The group's operating subsidy provision has been set at £19.9 million for the year ending 31 March 2015. This is considered by the Directors to be adequate to sustain the group as a going concern having considered the 12 months ahead from date of approval.

1.3 Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

1.4 Cash Flow Statement

The company is exempt from preparing a cash flow statement under Financial Reporting Standard for Smaller Entities (effective April 2008) as it is a small company.

2. TURNOVER

Turnover represents amounts received and receivable (stated net of value added tax) in respect of airport services provided in the UK.

3. OPERATING PROFIT

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| <i>This is stated after charging:-</i> | | |
| Auditor's remuneration – audit services | 3 | 3 |

The Directors did not receive any remuneration from the company during the period.

AIRPORT MANAGEMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. TAX

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| <i>Current Tax:</i> | | |
| UK Corporation tax at 23% (2013: 24%) | — | — |
| Total current tax credit | <u>—</u> | <u>—</u> |
| <i>Deferred Tax:</i> | | |
| Origination and reversal of timing differences | — | — |
| Tax on profit on ordinary activities | <u>—</u> | <u>—</u> |

(b) Factors affecting the current tax charge

The tax assessed for the period on ordinary activities for the period is the same as the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are reconciled below:

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before tax | 1 | 1 |
| Tax at 23% (2013: 24%) thereon: | | |
| Current tax charge for period | <u>—</u> | <u>—</u> |

AIRPORT MANAGEMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

5. DEBTORS

| | 2014 £000 | 2013 £000 |
|------------------------------------|--------------|--------------|
| Prepayments and accrued income | 5 | 14 |
| Amounts owed by group undertakings | 437 | 379 |
| Other debtors | 5 | 3 |
| | <u>447</u> | <u>396</u> |

6. CREDITORS: amounts falling due within one year

| | 2014 £000 | 2013 £000 |
|---------------------------------------|--------------|--------------|
| Trade creditors | - | 2 |
| Other taxes and social security costs | 134 | 134 |
| Accruals and deferred income | 370 | 310 |
| Amount due to group undertaking | - | - |
| | <u>504</u> | <u>446</u> |

7. SHARE CAPITAL

| | Authorised | | Issued and fully paid | |
|----------------------------|--------------|--------------|--------------------------|--------------|
| | 2014 No. | 2013 No. | 2014 £ | 2013 £ |
| Ordinary shares of £1 each | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> |

8. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

| | Share Capital £000 | Profit and Loss account £000 | Total £000 |
|--------------------------------|--------------------------|---------------------------------------|---------------|
| At 1 April 2013 | 5 | 1 | 6 |
| Retained profit for the period | - | 1 | 1 |
| At 31 March 2014 | <u>5</u> | <u>2</u> | <u>7</u> |

9. RELATED PARTIES

During the period income of £3,988,889 (2013: £3,707,733) was receivable from Highlands & Islands Airports Limited and £306,424 (2013: £341,027) was receivable from Dundee Airport Limited, a fellow subsidiary of Highland and Islands Airports Ltd. Of this, £28,906 (2013: £29,459) remained outstanding from Dundee Airport and £407,707 from Highlands and Islands Airports at 31 March 2014 (2013: £349,768 was owed to Highlands and Islands Airports).

10. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Highlands and Islands Airports Limited. It has included the company in its group financial statements, copies of which are available from the Registrar of Companies, Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

The company's ultimate controlling party is the Scottish Ministers who own the entire share capital of Highlands and Islands Airports Limited.