

**AIRPORT MANAGEMENT SERVICES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2016**

**AIRPORT MANAGEMENT SERVICES LIMITED  
CONTENTS**

Page

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

**DIRECTORS**

Michael Brian Cantlay, OBE, BA, MBA, DUniv  
Inglis Lyon, BSc (Hons) LLB  
Gillian Bruton, BAcc, CA  
David Savile  
Lorna Jack, MA, CA  
James McLaughlin, Chartered MCIPD, MBA  
Timothy Whittome, BSc (Hons), AMIMechE, MRIN

Chairman  
Managing Director  
Finance Director

**COMPANY SECRETARY**

Inglis Lyon

**REGISTERED OFFICE**

Inverness Airport  
Inverness  
IV2 7JB

Registered in Scotland Number SC353385

**AUDITOR**

Scott Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**AIRPORT MANAGEMENT SERVICES LIMITED  
DIRECTORS' REPORT**

The Directors submit their report and financial statements for the year ended 31 March 2016.

**RESULTS AND DIVIDENDS**

The trading profit for the year, after taking account of taxation, amounted to £2k (2015: £nil). The Directors recommend that no dividend be paid.

**PRINCIPAL ACTIVITY**

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

**AUDITOR**

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 2016 and subsequently are:

Grenville Johnston, OBE, TD, CA	Former Chairman	(Resigned 30 June 2016)
Michael Brian Cantlay, OBE, BA, MBA, DUniv	Chairman	(Appointed 1 July 2016)
Inglis Lyon, BSc (Hons) LLB	Managing Director	
Gillian Bruton, BAcc, CA	Finance Director	
David Savile		
Lorna Jack, MA, CA		
James McLaughlin, Chartered MCIPD, MBA	Director	
Timothy Whittome, BSc (Hons), AMIMEchE, MRIN	Director	

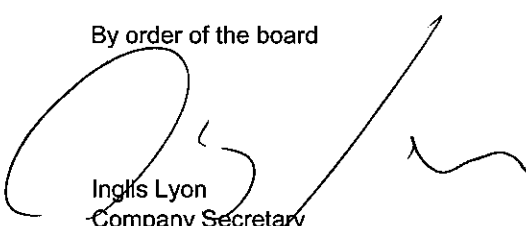
**DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Directors who were members of the Board at the time of approving the Directors' Report are listed above. 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  
30 August 2016

**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 2016 which comprise the Profit and Loss Account, 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 January 2015) (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 website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its 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  
30 August 2016

**AIRPORT MANAGEMENT SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £000	2015 £000
TURNOVER – Continuing operations	2	5,577	5,066
DIRECT OPERATING COSTS		<u>(5,575)</u>	<u>(5,066)</u>
GROSS PROFIT		2	-
ADMINISTRATIVE EXPENSES		<u>-</u>	<u>-</u>
OPERATING PROFIT – Continuing operations	3	2	-
OTHER FINANCE COSTS		<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>2</u></u>	<u><u>-</u></u>

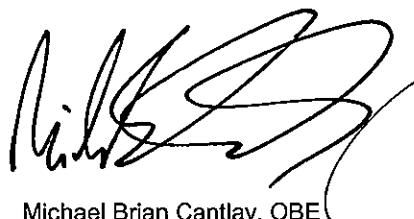
*Notes 1 to 10 form part of these financial statements*

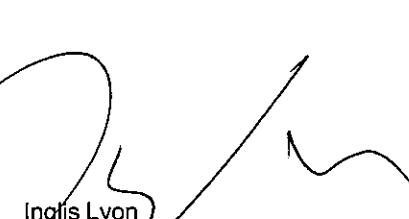
**AIRPORT MANAGEMENT SERVICES LIMITED**  
**BALANCE SHEET**  
AS AT 31 MARCH 2016

	Notes	2016 £000	2015 £000
<b>FIXED ASSETS</b>			
Tangible assets		-	-
<b>CURRENT ASSETS</b>			
Debtors	5	524	476
Cash at bank and in hand		139	86
		663	562
CREDITORS: Amounts falling due within one year	6	(654)	(555)
<b>NET CURRENT ASSETS</b>		<u>9</u>	<u>7</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9</u>	<u>7</u>
<b>ACCRUALS AND DEFERRED INCOME</b>		-	-
<b>NET ASSETS</b>		<u>9</u>	<u>7</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	5	5
Profit and loss account	8	4	2
		<u>9</u>	<u>7</u>

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 January 2015).

The financial statements were authorised for issue by the board of directors on 30 August 2016 and signed on its behalf by:

  
Michael Brian Cantlay, OBE  
Chairman

  
Inglis Lyon  
Managing Director  
30 August 2016

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 2016**

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 January 2015).

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 £18.9 million for the year ending 31 March 2017. 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 of the financial statements.

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 January 2015) as it is a small company.

1.5 Pension costs

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to these funds.

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

	2016	2015
	£000	£000
This is stated after charging:-		
Auditor's remuneration – audit services	3	3
Pension contributions	332	302

The Directors did not receive any remuneration from the company during the year (2015: £nil).



**AIRPORT MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

4. TAX  
(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<b>2016</b>	2015
	<b>£000</b>	£000
<i>Current Tax:</i>		
UK Corporation tax at 20% (2015: 21%)	-	-
Total current tax charge	<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 year on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 21%). The differences are reconciled below:

	<b>2016</b>	2015
	<b>£000</b>	£000
Profit on ordinary activities before tax	2	-
Tax at 20% thereon:		
Current tax charge for period	<u>-</u>	<u>-</u>

5. DEBTORS

	<b>2016</b>	2015
	<b>£000</b>	£000
Prepayments and accrued income	12	8
Amounts owed by group undertakings	511	466
Other debtors	1	2
	<u>524</u>	<u>476</u>

**AIRPORT MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

6. CREDITORS: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	3	4
Other taxes and social security costs	217	146
Accruals and deferred income	391	339
Other creditors	43	66
	<u>654</u>	<u>555</u>

Included within other creditors is £42,602 (2015 £66,118) due to the defined contribution pension scheme.

7. SHARE CAPITAL

	Authorised		Issued and fully paid	
	2016	2015	2016	2015
	No.	No.	£	£
Ordinary shares of £1 each	<u>5,000</u>	5,000	<u>5,000</u>	5,000

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

	Share Capital	Profit and Loss account	Total
	£000	£000	£000
At 1 April 2015	5	2	7
Retained profit for the year	-	2	2
At 31 March 2016	<u>5</u>	<u>4</u>	<u>9</u>

9. RELATED PARTIES

During the year income of £5,233,446 (2015: £4,756,789) was receivable from Highlands and Islands Airports Limited and £342,145 (2015: £308,664) was receivable from Dundee Airport Limited, a fellow subsidiary of Highlands and Islands Airports Ltd. Of this, £30,690 (2015: £24,033) remained outstanding from Dundee Airport Limited and £480,718 (2015: £441,370) was owed from Highlands and Islands Airports Limited.

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.