

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

**DUNDEE AIRPORT 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**

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

**COMPANY SECRETARY**

Inglis Lyon

**REGISTERED OFFICE**

Inverness Airport  
Inverness  
IV2 7JB

Registered in Scotland Number SC325066

**AUDITOR**

Scott Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**DUNDEE AIRPORT 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 £nil (2015: £nil). The Directors recommend that no dividend be paid.

**PRINCIPAL ACTIVITY**

The company's principal activity is to provide and operate a safe, secure and efficient airport which supports the communities we serve.

**AUDITOR**

Scott Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**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	
Lorna Jack, MA, CA		
Timothy Whittome, BSc (Hons), AMIMechE, MRIN	Director	
David Martin	Director	
David Savile	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

**DUNDEE AIRPORT 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.

We have audited the financial statements of Dundee Airport Limited for the year ended 31 March 2016 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 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 result 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.

**Emphasis of matter – going concern**

We draw attention to the matter referred to in note 1.2 of the financial statements under the paragraph heading going concern. Our opinion is not qualified in respect of this matter.



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

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

		<b>2016</b>	<b>2015</b>
	Notes	<b>£000</b>	<b>£000</b>
TURNOVER – Continuing operations	2	<b>1,472</b>	1,064
<b>SUBSIDIES</b>			
Total receivable		<b>3,063</b>	2,774
Capital carried to deferred income		<b>(255)</b>	(143)
	3	<u><b>2,808</b></u>	<u>2,631</u>
Revenue		<b>4,280</b>	3,695
DIRECT OPERATING COSTS		<u><b>(3,641)</b></u>	<u>(3,418)</u>
GROSS PROFIT		<b>639</b>	277
ADMINISTRATIVE EXPENSES		<u><b>(357)</b></u>	<u>(336)</u>
OPERATING PROFIT/(LOSS) – Continuing operations	4	<b>282</b>	(59)
PROFIT ON DISPOSAL OF TANGIBLE FIXED ASSETS		<b>3</b>	4
OTHER FINANCE (COST)/INCOME	5	<u><b>(285)</b></u>	<u>55</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<b>-</b>	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u><b>-</b></u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u><b>-</b></u></u>	<u><u>-</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 MARCH 2016**

		<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
Profit for the financial year		<b>-</b>	-
Actuarial gain/(loss) recognised on defined pension scheme	13	<u><b>899</b></u>	* <u>(1,246)</u>
Total gain/(loss) recognised relating to the year		<u><u><b>899</b></u></u>	<u><u>(1,246)</u></u>

*Notes 1 to 16 form part of these financial statements*

**DUNDEE AIRPORT LIMITED**  
**BALANCE SHEET**  
AS AT 31 MARCH 2016

	Notes	2016 £000	2015 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>8,241</u>	<u>9,544</u>
<b>CURRENT ASSETS</b>			
Stocks		21	54
Debtors	8	1,034	406
Cash at bank and in hand		<u>58</u>	<u>47</u>
		1,113	507
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(708)</u>	<u>(618)</u>
<b>NET CURRENT ASSETS/(LIABILITES)</b>		<u>405</u>	<u>(111)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,646	9,433
<b>ACCRUALS AND DEFERRED INCOME</b>			
Deferred Subsidies	10	<u>(8,069)</u>	<u>(9,233)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		577	200
Defined benefit pension liability	13	(1,343)	(1,865)
<b>NET (LIABILITIES)</b>		<u><u>(766)</u></u>	<u><u>(1,665)</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	5	5
Profit and loss account	12	<u>(771)</u>	<u>(1,670)</u>
		<u><u>(766)</u></u>	<u><u>(1,665)</u></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 16 form part of these financial statements*

**DUNDEE AIRPORT 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 modified to account for the defined pension scheme at fair value; 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 Dundee Airport. 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 directors recognise the £766,000 (2015: £1,665,000) deficit in shareholders' funds. The deficit arises from bringing a long term pension liability onto the balance sheet and does not reflect the company's ability to continue as a going concern or meet its liabilities when due.

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 TANGIBLE ASSETS**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on tangible fixed assets to spread the cost by equal annual instalments over their estimated useful lives, as follows: -

Freehold buildings	20-25 years
Leasehold buildings	over the remaining life of the lease to a maximum of 20 years
Navigation aids	5-20 years
Plant and other equipment	3-10 years
Vehicles	5 years
Runways, aprons and main services	7-25 years

**1.4 STOCKS**

Stocks are stated at the lower of cost and net realisable value.

**1.5 SUBSIDIES**

Subsidies represent amounts received from the Scottish Ministers, via the parent company, in accordance with Section 34 of the Civil Aviation Act 1982 along with other revenue and capital grants.

Subsidies in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets.

Subsidies for revenue expenditure are separately disclosed within turnover in the period to which they relate.

**1.6 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.

**1.7 CASH FLOW STATEMENT**

The company is exempt from preparing a cash flow statement under the Financial Reporting Standard for Smaller Entities (effective January 2015) as it is a small company.



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

1.8 PENSION COSTS

The company's employees are members of the Tayside Superannuation Fund, a defined benefit scheme, which is operated by Dundee City Council. Contributions are charged to the profit and loss account in accordance with actuarial recommendations, so as to spread the cost over the employees' remaining working lives with the company.

On the advice of an independent qualified actuary, contributions are made to the plan to ensure that the plan's assets are sufficient to cover future liabilities. For the purpose of accounting disclosures, pension plan assets are measured using market values. Pension plan liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond, based on an index of appropriate term and currency to the liability. Any increase in the present value of the liabilities of the defined benefit pension plan expected to arise from employee service in the year is charged against operating profit. The expected return on the plan's assets and the increase during the year in the present value of the plan's liabilities arising from the passage of time are included in interest receivable and similar income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

2. TURNOVER

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

3. SUBSIDIES

Revenue subsidies of £2,808,000 (2015: £2,631,000) were received from Scottish Ministers, via the parent company, in relation to the company's trading year ending 31 March 2016, in accordance with Section 34 of the Civil Aviation Act 1982.

4. OPERATING PROFIT

	2016	2015
	£000	£000
<i>This is stated after charging:-</i>		
Depreciation	1,558	1,813
Auditor's remuneration – audit services	3	3
<i>And after crediting: -</i>		
Deferred subsidies released	1,419	1,754

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

5. OTHER FINANCE (COST)/INCOME

	2016	2015
	£000	£000
Expected return on pension scheme assets	(46)	281
Interest on pension scheme liabilities	(239)	(226)
	<u>(285)</u>	<u>55</u>

6. TAX

(a) Tax on Profit on ordinary activities

The tax charge is made up as follows:

	2016	2015
	£000	£000
<i>Current Tax:</i>		
UK Corporation tax at 20% (2015: 21%)	-	-
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>

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

6. TAX (CONTINUED)

(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:

	2016 £000	2015 £000
Profit on ordinary activities before tax	-	-
Tax at 20% (2015: 21%) thereon:	-	-
<i>Effects of:</i>		
Net depreciation in excess of capital allowances	26	9
Pension provisions not deductible for tax purposes	75	(8)
Adjustments relating to the sale of fixed assets	(1)	(1)
Chargeable gains	-	-
Group relief claimed	(86)	-
Utilisation of tax losses and other deductions	(14)	-
Current tax charge for year	-	-

7. TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Land and buildings leasehold £000	Navais £000	Plant and other vehicles furniture £000	Runways aprons and main services £000	Assets in course of construct'n and installation £000	Total £000
<b>COST</b>							
At 1 April 2015	341	3,849	740	4,771	14,400	99	24,200
Additions during year	-	-	-	41	63	151	255
Transfers during year	-	-	49	42	-	(91)	-
<b>At 31 March 2016</b>	<b>341</b>	<b>3,849</b>	<b>789</b>	<b>4,854</b>	<b>14,463</b>	<b>159</b>	<b>24,455</b>
<b>DEPRECIATION</b>							
At 1 April 2015	(63)	(2,698)	(682)	(4,073)	(7,140)	-	(14,656)
Provided during year	(19)	(349)	(21)	(174)	(995)	-	(1,558)
<b>At 31 March 2016</b>	<b>(82)</b>	<b>(3,047)</b>	<b>(703)</b>	<b>(4,247)</b>	<b>(8,135)</b>	<b>-</b>	<b>(16,214)</b>
<b>NET BOOK VALUE</b>							
<b>at 31 March 2016</b>	<b>259</b>	<b>802</b>	<b>86</b>	<b>607</b>	<b>6,328</b>	<b>159</b>	<b>8,241</b>
at 31 March 2015	278	1,151	58	698	7,260	99	9,544

8. DEBTORS

	2016 £000	2015 £000
Trade debtors	328	148
Other debtors	12	29
Amount due from parent undertaking	694	229
	<b>1,034</b>	<b>406</b>

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

9. CREDITORS: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	45	77
Other taxes and social security costs	35	32
Other creditors	73	27
Accruals and deferred income	524	458
Amount due to group undertaking	31	24
	<u>708</u>	<u>618</u>

10. DEFERRED SUBSIDIES

	2016 £000	2015 £000
Balance at 1 April	9,233	10,844
Subsidies receivable	255	143
Released to profit and loss account	(1,419)	(1,754)
Balance at 31 March	<u>8,069</u>	<u>9,233</u>

11. SHARE CAPITAL

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

12. 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 2015	5	(1,670)	(1,665)
Retained profit for the year	-	-	-
Actuarial gain on pension scheme	-	899	899
<b>At 31 March 2016</b>	<u>5</u>	<u>(771)</u>	<u>(766)</u>

13. PENSION COSTS

The employees of Dundee Airport Limited are included within the Tayside Superannuation Fund, a defined benefit scheme operated in the UK and is funded by payment of contributions to a separately administered trust fund.

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

13. PENSION COSTS (CONTINUED)

The assets and liabilities of the scheme at 31 March are:

	2016	2015
	£000	£000
<b><i>Scheme assets at fair value</i></b>		
Equities	3,532	3,487
Gilts	270	275
Other bonds	666	633
Property	629	500
Cash	57	55
Fair value of scheme assets	<u>5,154</u>	<u>4,950</u>
Present value of scheme liabilities	<u>(6,497)</u>	<u>(6,815)</u>
	<u>(1,343)</u>	<u>(1,865)</u>
Unrecognised past service cost	-	-
Defined benefit pension scheme deficit	<u>(1,343)</u>	<u>(1,865)</u>

The pension scheme has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

The amounts recognised in the Profit and Loss Account and in the Statement of Total Recognised Gains and Losses for the year are analysed as follows:

	2016	2015
	£000	£000
<b><i>Recognised in the Profit and Loss Account</i></b>		
Current service cost	311	228
Contributions by employer	(220)	(213)
Administration expenses	1	-
Recognised in arriving at operating loss (A)	<u>92</u>	<u>15</u>
Interest on assets	(46)	281
Interest on obligation	(239)	(226)
Other finance (cost)/income (B)	<u>(285)</u>	<u>55</u>
Total (cost)/income recognised in the Profit and Loss Account (A)-(B)	<u>377</u>	<u>(40)</u>
	2016	2015
	£000	£000
<b><i>Taken to the Statement of Total Recognised Gains and Losses</i></b>		
Actuarial gains and losses recognised in the Statement of Total Recognised Gains/(Losses)	<u>889</u>	<u>(1,246)</u>

***Pensions***

Pension contributions are determined with the advice of independent qualified actuaries, Barnett Waddingham, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

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

13. PENSION COSTS (CONTINUED)

<i>Main assumptions:</i>	2016	2015
	%	%
Rate of salary increases	3.4	3.4
Rate of increase in pensions in payment	2.5	2.6
Discount rate	3.9	3.5
Expected rates of return on scheme assets	3.9	6.5
RPI Inflation assumption	3.4	3.4
CPI Inflation assumption	2.5	2.6

The discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of FRS102 and with the consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date. The RPI inflation assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 25 year point on the BoE market implied inflation curve. This is consistent with the approach used at the last accounting date. The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2015 for the year to 31 March 2016). For accounting years beginning on or after 1 January 2015, the expected return and the interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate.

	2016	2015
	Years	Years
Post-retirement mortality		
Current pensioners at 65 – male	21.3	21.2
Current pensioners at 65 – female	23.3	23.2
Future pensioners at 65 – male	23.5	23.4
Future pensioners at 65 – female	25.6	25.5

Mortality rates for 2015 and 2016 are based on S2PA tables with a 120% multiplier, making allowance for future improvement factors in line with the CMI 2013 projections, with a long term rate of 1.5%. The disclosures above in respect of mortality relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 20 years time.

The results stated in the tables above are sensitive to the assumptions used. The following table sets out the impact of a change in the discount rates on the total obligation and projected service cost, along with a +/- 1 year age rating adjustment to the mortality assumption:

<i>Change in assumption</i>	+ 0.1 %	- 0.1 %	+ 1year	- 1 year
	£000	£000	£000	£000
Present value of defined benefit obligation	(6,330)	(6,668)	(6,673)	(6,326)
Projected service cost	255	269	269	255

The projected pension expense for the year ending 31 March 2017 is as follows:

	2017
	£000
Current service cost	262
Interest cost	48
Administration expenses	1
Total	311
Employer contributions	214

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

13. PENSION COSTS (CONTINUED)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2016	2015
	£000	£000
As at 1 April	6,815	4,884
Current service cost	311	228
Interest cost	239	226
Benefits paid net of transfers in	(49)	(40)
Contributions by scheme participants	80	80
Actuarial (gain)/loss	(899)	1,437
As at 31 March	<u>6,497</u>	<u>6,815</u>

Changes in the fair value of plan assets are analysed as follows:

	2016	2015
	£000	£000
As at 1 April	4,950	4,225
Expected return on plan assets	-	281
Interest on assets	178	-
Return on assets less interest	(224)	-
Employer contributions	220	213
Contributions by scheme participants	80	80
Benefits paid net of transfer in and including unfunded	(49)	(40)
Actuarial gain	-	191
Administration expenses	(1)	-
As at 31 March	<u>5,154</u>	<u>4,950</u>

	2016	2015
	£000	£000
Fair value of scheme assets	5,154	4,950
Present value of defined benefit obligation	<u>(6,497)</u>	<u>(6,815)</u>
Deficit in the scheme	<u>(1,343)</u>	<u>(1,865)</u>
Experience adjustments arising on plan liabilities	-	(212)
Experience adjustments arising on plan assets	-	191

**Reconciliation of movements in the deficit:**

	2016	2015
	£000	£000
Deficit at beginning of year	(1,865)	(659)
Current service cost	(311)	(228)
Employer contributions	220	213
Other finance Income	(285)	55
Actuarial gains/(losses)	899	(1,246)
Administrative Expenses	(1)	-
Deficit at the end of the year	<u>(1,343)</u>	<u>(1,865)</u>

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

14. CAPITAL COMMITMENTS

	2016	2015
	£000	£000
Contracted	<u>718</u>	<u>145</u>

15. RELATED PARTIES

- (a) During the period revenue subsidies of £2,807,774 (2015: £2,630,851) was received from the Scottish Ministers via Highlands and Islands Airports Limited and £342,145 (2015: £308,664) was payable to Airport Management Services Limited, a fellow subsidiary of Highlands and Islands Airports Limited. Of this £694,119 (2015: £228,713) remained outstanding at 31st March 2016 from Highlands and Islands Airports Limited and £30,690 (2015: £24,033) to Airport Management Services Limited. During the period capital subsidies of £255,336 (2015: £143,165 ) was received from the Scottish Ministers.
- (b) £356,152 was due to Highlands and Islands Airports Limited from Dundee Airport Limited and disclosed within Accruals and Deferred Income (2015: £335,654).
- (c) During the year purchases of £146,126 (2015: £190,713) and sales of £200,000 (2015: £nil) were made, in relation to normal operating activities, from Dundee City Council. At 31 March 2016, £45,453 was due to Dundee City Council by Dundee Airport Limited and disclosed within trade creditors, accruals and deferred income (2015: £26,384). David Martin a director of Dundee Airport Limited, held the post of Chief Executive of Dundee City Council during the year.
- (d) These transactions were entered into on an arm's length basis.

16. 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.