

AIRPORT MANAGEMENT SERVICES LIMITED

Company registration number SC353385

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

AIRPORT MANAGEMENT SERVICES LIMITED

COMPANY INFORMATION

Directors	Michael Cantlay, OBE, BA, MBA, DUniv (Chairman) Inglis Lyon, BSc (Hons) LLB (Managing Director) Gillian Bruton, BAcc, CA (Finance Director) David Savile Lorna Jack, MA, CA James McLaughlin, Chartered MCIPD, MBA Timothy Whittome, BSc (Hons), AMIMechE, MRIN
Company secretary	Inglis Lyon
Registered number	SC353385
Registered office	Inverness Airport Inverness IV2 7JB
Independent auditor	Scott-Moncrieff Chartered Accountants Exchange Place 3 Semple Street Edinburgh EH3 8BL

AIRPORT MANAGEMENT SERVICES LIMITED

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AIRPORT MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £NIL (2016 - £2,000).

The directors recommend that no dividend be paid.

Directors' responsibilities statement

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 applicable law and Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities). 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Directors

The directors who served during the year were:

Michael Cantlay, OBE, BA, MBA, DUniv (Chairman) (appointed 1 July 2016)
Grenville Johnston, OBE, TD, CA (former Chairman) (resigned 30 June 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
Timothy Whittome, BSc (Hons), AMIMechE, MRIN

AIRPORT MANAGEMENT SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Disclosure of information to the auditor

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 auditor is unaware, and
- 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 auditor is aware of that information.

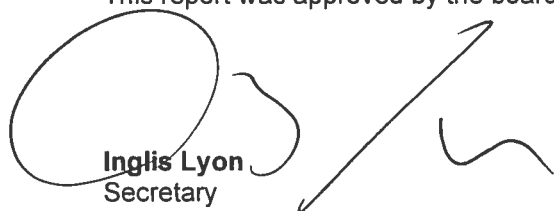
Auditor

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

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Inglis Lyon
Secretary

Date: 22 August 2017

AIRPORT MANAGEMENT SERVICES LIMITED

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

We have audited the financial statements of Airport Management Services Limited for the year ended 31 March 2017, which comprise the Statement of Comprehensive income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small 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 the Directors and the Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 (APB'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.

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 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

AIRPORT MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AIRPORT MANAGEMENT SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of 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 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Nick Bennett (Senior Statutory Auditor)

for and on behalf of

Scott-Moncrieff, Statutory Auditor

Chartered Accountants

Exchange Place 3

Seemple Street

Edinburgh

EH3 8BL

22 August 2017

AIRPORT MANAGEMENT SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £000	2016 £000
Turnover	5	5,978	5,577
Cost of sales		(5,978)	(5,575)
Gross profit		<u>-</u>	<u>2</u>
Administrative expenses		-	-
Profit on ordinary activities before taxation	6	<u>-</u>	<u>2</u>
Taxation on profit on ordinary activities	8	-	-
Profit for the financial year		<u><u>-</u></u>	<u><u>2</u></u>

The notes on pages 8 to 14 form part of these financial statements.

AIRPORT MANAGEMENT SERVICES LIMITED
REGISTERED NUMBER: SC353385

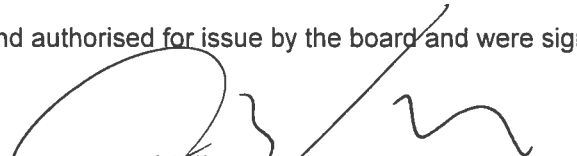
BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors	9	362	524
Cash at bank and in hand		43	139
		<u>405</u>	<u>663</u>
Creditors: amounts falling due within one year	10	(396)	(654)
Net assets		<u>9</u>	<u>9</u>
Capital and reserves			
Called up share capital	12	5	5
Profit and loss account	13	4	4
		<u>9</u>	<u>9</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Michael Cantlay, OBE
Chairman


Inglis Lyon
Managing Director

Date: 22 August 2017

The notes on pages 8 to 14 form part of these financial statements.

AIRPORT MANAGEMENT SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2015	5	2	7
Comprehensive income for the year			
Profit for the year	-	2	2
	<hr/>	<hr/>	<hr/>
At 1 April 2016	5	4	9
Comprehensive income for the year			
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2017	<u>5</u>	<u>4</u>	<u>9</u>

The notes on pages 8 to 14 form part of these financial statements.

AIRPORT MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 March 2017.

The continuing activity of Airport Management Services Limited is to provide airport services.

Airport Management Services Limited is a company limited by shares and is incorporated in the United Kingdom and registered in Scotland. Details of the registered office and registered number can be found on the company information page of these financial statements.

2. Statement of compliance

The financial statements of Airport Management Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Section 1A 'Small Entities' of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities) (FRS 102) and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. These financial statements for the year ended 31 March 2017 are the company's first financial statements that comply with Section 1A 'Small Entities' of Financial Reporting Standard 102. The company's date of transition to Section 1A 'Small Entities' of Financial Reporting Standard 102 is 1 April 2015.

Before 1 April 2016, the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council. Information on the impact of first-time adoption of Section 1A 'Small Entities' of Financial Reporting Standard 102 is given in note 16 of these accounts.

The preparation of financial statements in compliance with Section 1A 'Small Entities' of Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 4).

3.2 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 the government. The group's operating subsidy provision has been set at £19.6 million for the year ending 31 March 2018. 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.

AIRPORT MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Accounting policies (continued)

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

3.4 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

3.5 Current taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

3.6 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year) are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of

AIRPORT MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Accounting policies (continued)

3.6 Financial instruments (continued)

an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

3.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than twelve months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.10 Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that accounting policies are appropriate and applied consistently.

AIRPORT MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

5. Turnover

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

6. Operating profit

The operating profit is stated after charging:

	2017	2016
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	3	3
Defined contribution pension cost	415	332
	418	335

7. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Agents	186	181
Supervisors	23	21
Senior supervisors	1	1
Assistant security manager	2	2
Trainers	3	3
Administration	-	2
Management	6	7
	221	217

The Directors did not receive any remuneration from the company during the year (2016: £nil).

AIRPORT MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. Taxation

	2017	<i>2016</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	-	-
	<u> </u>	<u> </u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (*2016 - the same as*) the standard rate of corporation tax in the UK of 20% (*2016 - 20%*) as set out below:

	2017	<i>2016</i>
	£000	<i>£000</i>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (<i>2016 - 20%</i>)	-	-
	<u> </u>	<u> </u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Debtors

	2017	<i>2016</i>
	£000	<i>£000</i>
Amounts owed by group undertakings	356	<i>511</i>
Other debtors	3	<i>1</i>
Prepayments	3	<i>12</i>
	<u> </u>	<u> </u>
	362	<i>524</i>
	<u> </u>	<u> </u>

AIRPORT MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	3	3
Other taxation and social security	135	217
Other creditors	47	43
Accruals	211	391
	<u>396</u>	<u>654</u>

Included within other creditors is £47,297 (2016: £42,602) due to the defined contribution pension scheme.

11. Financial instruments

	2017	2016
	£000	£000
Financial assets		
Cash and cash equivalents	43	139
Financial assets measured at amortised cost	359	512
	<u>402</u>	<u>651</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	261	437
	<u>261</u>	<u>437</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

12. Share capital

	2017	2016
	£000	£000
Shares classified as equity		
Allotted, called up and fully paid		
5,000 ordinary shares of £1 each	5	5
	<u>5</u>	<u>5</u>

AIRPORT MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. Reserves

Profit and loss account

The profit and loss reserve includes all current and prior year retained profits and losses.

14. Related party transactions

During the year income of £5,635,631 (2016: £5,233,446) was receivable from Highlands and Islands Airports Limited and £342,124 (2016: £342,145) was receivable from Dundee Airport Limited, a fellow subsidiary of Highlands and Islands Airports Limited. Of this, £29,467 (2016: £30,690) remained outstanding from Dundee Airport Limited and £326,084 (2016: £480,718) was owed from Highlands and Islands Airports Limited. During the year expenditure of £47,910 was payable to Highlands and Islands Airports Limited (2016: £nil).

15. 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 registered office, Inverness Airport, Inverness, IV2 7JB.

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

16. First time adoption of Section 1A 'Small Entities' of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to Section 1A 'Small Entities' of FRS 102 and have not impacted on equity or profit or loss.

