

**DUNDEE AIRPORT LIMITED**

**Company registration number SC325066**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**DUNDEE AIRPORT LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Michael Cantlay, OBE, BA, MBA, DUniv (Chairman) Inglis Lyon, BSc (Hons) LLP (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
<b>Company secretary</b>	Inglis Lyon
<b>Registered number</b>	SC325066
<b>Registered office</b>	Inverness Airport Inverness IV2 7JB
<b>Independent auditor</b>	Scott-Moncrieff Chartered Accountants Exchange Place 3 Semple Street Edinburgh EH3 8BL

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**DUNDEE AIRPORT LIMITED**

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## DUNDEE AIRPORT LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

#### Principal activity

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

#### Results and dividends

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

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:

Grenville Johnston, OBE, TD, CA (former Chairman) (resigned 30 June 2016)

Michael 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

James McLaughlin, Chartered MCIPD, MBA

Timothy Whittome, BSc (Hons), AMIMEchE, MRIN

David Martin

David Savile

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**DUNDEE AIRPORT LIMITED**

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

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**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.

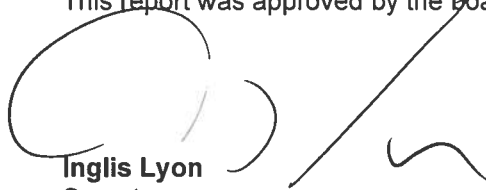
**Auditor**

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 on 22 August 2017 and signed on its behalf by:

  
**Inglis Lyon**  
Secretary

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## DUNDEE AIRPORT LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE AIRPORT LIMITED

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We have audited the financial statements of Dundee Airport 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 relevant 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 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 Practice's 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](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 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.

#### **Emphasis of matter - going concern**

We draw attention to the matter referred to in note 3.2 of the financial statements under the paragraph heading going concern. Our opinion is not qualified in respect of this matter.

#### **Opinion on other matter 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 those financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

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## DUNDEE AIRPORT LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE AIRPORT LIMITED (CONTINUED)

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#### Matters on which we are required to report by exception

In the light of our 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**  
Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

22 August 2017

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**DUNDEE AIRPORT LIMITED**

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

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	Note	2017 £000	2016 £000
Turnover	5	2,877	4,280
Direct operating costs		(3,461)	(3,641)
<b>Gross (loss)/profit</b>		<b>(584)</b>	639
Administrative expenses		(369)	(357)
Profit on disposal of tangible fixed assets		-	3
<b>Operating (loss)/profit</b>	6	<b>(953)</b>	285
Expected return on pension scheme assets		1207	(46)
Interest on pension scheme liabilities		(254)	(239)
<b>Profit before taxation</b>		<b>-</b>	-
Taxation	8	-	-
<b>Profit for the financial year</b>		<b>-</b>	-
<b>Other comprehensive income for the year</b>			
Actuarial (losses)/gains on defined benefit pension scheme		(3,046)	899
<b>Total comprehensive income for the year</b>		<b>(3,046)</b>	899

The notes on pages 8 to 23 form part of these financial statements.



**DUNDEE AIRPORT LIMITED**  
**REGISTERED NUMBER: SC325066**

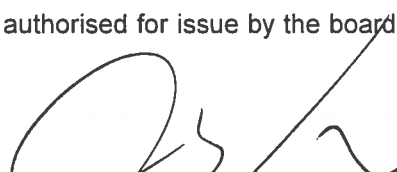
**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	9	6,923	8,241
<b>Current assets</b>			
Stocks		38	21
Debtors	10	591	1,034
Cash at bank and in hand		13	58
		<u>642</u>	<u>1,113</u>
Creditors: amounts falling due within one year	11	(1,108)	(708)
<b>Net current (liabilities)/assets</b>		<u>(466)</u>	<u>405</u>
<b>Total assets less current liabilities</b>		<u>6,457</u>	<u>8,646</u>
Deferred subsidies		(6,781)	(8,069)
<b>Net (liabilities) / assets excluding pension liability</b>		<u>(324)</u>	<u>577</u>
Pension liability		(3,488)	(1,343)
<b>Net liabilities</b>		<u><u>(3,812)</u></u>	<u><u>(766)</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	5	5
Profit and loss account	15	(3,817)	(771)
		<u><u>(3,812)</u></u>	<u><u>(766)</u></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 on 22 August 2017.

  
**Michael Cantlay, OBE**  
Chairman

  
**Inglis Lyon**  
Managing Director

The notes on pages 8 to 23 form part of these financial statements.

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DUNDEE AIRPORT LIMITED

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

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	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 April 2015</b>	5	(1,670)	(1,665)
<b>Comprehensive income for the year</b>			
Profit for the year	-	-	-
Actuarial gains on pension scheme	-	899	899
<b>At 1 April 2016</b>	<u>5</u>	<u>(771)</u>	<u>(766)</u>
<b>Comprehensive income for the year</b>			
Profit for the year	-	-	-
Actuarial losses on pension scheme	-	(3,046)	(3,046)
<b>At 31 March 2017</b>	<u>5</u>	<u>(3,817)</u>	<u>(3,812)</u>

The notes on pages 8 to 23 form part of these financial statements.

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## DUNDEE AIRPORT LIMITED

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

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#### 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 Dundee Airport Limited is to provide and operate a safe, secure and efficient airport which supports the communities we serve.

Dundee Airport 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 Dundee Airport Limited 'Small Entities' 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 23 of these accounts.

The preparation of financial statements in compliance with 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 Dundee Airport 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 directors recognise the £3,817,000 (2016: £766,000) 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 £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.

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## DUNDEE AIRPORT LIMITED

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

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#### 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 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 Statement of Comprehensive Income over the expected useful lives of the relevant assets.

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

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## DUNDEE AIRPORT LIMITED

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

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#### 3. Accounting policies (continued)

##### 3.5 Pensions

###### Defined benefit pension plan

The company's employees are members of the Tayside Superannuation Fund, a defined benefit scheme, which is operated by Dundee City Council. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets at the Balance Sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

##### 3.6 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.

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## DUNDEE AIRPORT LIMITED

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

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#### 3. Accounting policies (continued)

##### 3.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range 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
Motor vehicles	- 5 years
Runways, aprons and main services	- 7 - 25 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 3.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 3.9 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

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## DUNDEE AIRPORT LIMITED

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

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#### 3. Accounting policies (continued)

##### 3.9 Financial instruments (continued)

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 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.

##### 3.10 Debtors

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

##### 3.11 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.

##### 3.12 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.

##### 3.13 Share capital

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

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**DUNDEE AIRPORT LIMITED**

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

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**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 the 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 the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates and the pension assumptions. Depreciation rates have been deemed to be appropriate for the class of asset. Pension assumptions have been reviewed and have been deemed to be appropriate.

**5. Turnover**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Sales	1,430	1,472
Subsidies	1,447	2,808
	<u>2,877</u>	<u>4,280</u>

All turnover arose within the United Kingdom.

**6. Operating (loss)/profit**

The operating (loss)/profit is stated after charging/(crediting):

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	1,384	1,558
Fees payable to the company's auditor for the audit of the company's annual financial statements	3	3
Deferred subsidies released	(1,354)	(1,419)
	<u>          </u>	<u>          </u>

During the year, no director received any emolumentss (2016 - £NIL).



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## DUNDEE AIRPORT LIMITED

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

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#### 7. Employees

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

	2017 No.	2016 No.
Administration	9	9
Air traffic services	10	10
Airport fire service	21	23
Engineering	1	1
Management	1	1
	<u>42</u>	<u>44</u>

#### 8. Taxation

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

#### 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 £000	2016 £000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	-	-
<b>Effects of:</b>		
Net depreciation in excess of capital allowances	4	26
Utilisation of tax losses	-	(14)
Pension provisions not deductible for tax purposes	(181)	75
Adjustments related to sale of fixed assets	-	(1)
Group relief claimed	-	(86)
Tax losses	177	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**DUNDEE AIRPORT LIMITED**

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

<b>9. Tangible fixed assets</b>	<b>Land and buildings freehold £000</b>	<b>Land and buildings leasehold £000</b>	<b>Plant, other equipment, vehicles and furniture £000</b>	<b>Nav aids £000</b>	<b>Runways aprons and main services £000</b>	<b>Assets in course of construction and installation £000</b>	<b>Total £000</b>
<b>Cost</b>							
At 1 April 2016	341	3,849	4,854	789	14,463	159	24,455
Additions	-	-	22	-	-	44	66
Transfers between classes	-	15	16	128	-	(159)	-
At 31 March 2017	<u>341</u>	<u>3,864</u>	<u>4,892</u>	<u>917</u>	<u>14,463</u>	<u>44</u>	<u>24,521</u>
<b>Depreciation</b>							
At 1 April 2016	82	3,047	4,247	703	8,135	-	16,214
Charge for the year	21	273	112	24	954	-	1,384
At 31 March 2017	<u>103</u>	<u>3,320</u>	<u>4,359</u>	<u>727</u>	<u>9,089</u>	<u>-</u>	<u>17,598</u>
<b>Net book value</b>							
At 31 March 2017	<u>238</u>	<u>544</u>	<u>533</u>	<u>190</u>	<u>5,374</u>	<u>44</u>	<u>6,923</u>
At 31 March 2016	<u>259</u>	<u>802</u>	<u>607</u>	<u>86</u>	<u>6,328</u>	<u>159</u>	<u>8,241</u>

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**DUNDEE AIRPORT LIMITED**

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

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**10. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>573</b>	328
Amounts due from parent undertaking	-	694
Other debtors	<b>18</b>	12
	<u><b>591</b></u>	<u>1,034</u>
	<u><b>591</b></u>	<u>1,034</u>

**11. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>27</b>	45
Amounts owed to group undertakings	<b>139</b>	31
Other taxation and social security	<b>38</b>	35
Other creditors	<b>81</b>	73
Accruals and deferred income	<b>823</b>	524
	<u><b>1,108</b></u>	<u>708</u>
	<u><b>1,108</b></u>	<u>708</u>

**12. Financial instruments**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Cash and cash equivalents	<b>13</b>	58
Financial assets measured at amortised costs	<b>591</b>	1,034
	<u><b>604</b></u>	<u>1,092</u>
	<u><b>604</b></u>	<u>1,092</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u><b>(718)</b></u>	<u>(671)</u>
	<u><b>(718)</b></u>	<u>(671)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts due from parent undertaking and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

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

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**13. Deferred subsidies**

	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>
Balance at 1 April	<b>8,069</b>	<i>9,233</i>
Subsidies receivable	<b>66</b>	<i>255</i>
Released to profit and loss account	<b>(1,354)</b>	<i>(1,419)</i>
	<u><b>6,781</b></u>	<u><i>8,069</i></u>

**14. Share capital**

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

**15. Reserves**

**Profit and loss account**

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

The actuarial gain or loss on the pension scheme liability is also recognised through this reserve.

**16. Capital commitments**

At 31 March 2017 the company had capital commitments as follows:

	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>
Contracted for but not provided in these financial statements	<u><b>619</b></u>	<u><i>718</i></u>

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

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#### 17. Pension commitments

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.

	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>
<b>Reconciliation of present value of plan liabilities</b>		
As at 1 April	<b>6,497</b>	<i>6,815</i>
Current service cost	<b>276</b>	<i>311</i>
Interest on pension scheme liabilities	<b>254</b>	<i>239</i>
Benefits paid net of transfers in	<b>(57)</b>	<i>(49)</i>
Contributions by scheme participants	<b>85</b>	<i>80</i>
Actuarial (gains)/losses	<b>3,046</b>	<i>(899)</i>
<b>As at 31 March</b>	<b>10,101</b>	<i>6,497</i>

	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>
<b>Reconciliation of present value of plan assets</b>		
As at 1 April	<b>5,154</b>	<i>4,950</i>
Interest on assets	<b>206</b>	<i>178</i>
Return on assets less interest	<b>1,001</b>	<i>(224)</i>
Contributions by employer	<b>226</b>	<i>220</i>
Contributions by scheme participants	<b>85</b>	<i>80</i>
Benefits paid net of transfer in and including unfunded	<b>(57)</b>	<i>(49)</i>
Administration expenses	<b>(2)</b>	<i>(1)</i>
<b>As at 31 March</b>	<b>6,613</b>	<i>5,154</i>

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NOTES TO THE FINANCIAL STATEMENTS  
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17. Pension commitments (continued)

Composition of plan assets:

	2017 £000	2016 £000
<b>Scheme assets at fair value</b>		
Equities	4,762	3,532
Gilts	438	270
Other bonds	652	666
Property	652	629
Cash	109	57
<b>Total plan assets</b>	<b>6,613</b>	<b>5,154</b>
	2017 £000	2016 £000
Fair value of plan assets	6,613	5,154
Present value of plan liabilities	(10,101)	(6,497)
<b>Net pension scheme liability</b>	<b>(3,488)</b>	<b>(1,343)</b>

The amounts recognised in profit or loss are as follows:

	2017 £000	2016 £000
Contribution by employer	(226)	(220)
Current Service Cost	276	311
Interest on obligation	254	239
Interest income on plan assets	(206)	46
Administration expenses	2	1
<b>Total</b>	<b>100</b>	<b>377</b>

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**DUNDEE AIRPORT LIMITED**

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

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**17. Pension commitments (continued)**

The company expects to contribute £226,000 to its Defined Benefit Pension Scheme in the year ended 31 March 2018.

	<b>2017</b>	<i>2016</i>
	<b>£000</b>	<i>£000</i>
<b>Analysis of actuarial (loss)/gain recognised in Other Comprehensive Income</b>		
Actuarial (losses)/gains recognised in Other Comprehensive Income	<b>(3,046)</b>	<i>889</i>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2017</b>	<i>2016</i>
	<b>%</b>	<i>%</i>
Discount rate	<b>2.8</b>	<i>3.9</i>
Future salary increases	<b>3.6</b>	<i>3.4</i>
Future pension increases	<b>2.7</b>	<i>2.5</i>
Expected rates of return on scheme	<b>2.8</b>	<i>3.9</i>
RPI Inflation assumption	<b>3.6</b>	<i>3.4</i>
CPI Inflation assumption	<b>2.7</b>	<i>2.5</i>
<b>Mortality rates</b>		
Current pensioners at 65 - male	<b>21.4</b>	<i>21.3</i>
Current pensioners at 65 - female	<b>23.5</b>	<i>23.3</i>
Future pensioners at 65 - male	<b>23.7</b>	<i>23.5</i>
Future pensioners at 65 - female	<b>25.8</b>	<i>25.6</i>

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DUNDEE AIRPORT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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17. Pension commitments (continued)

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 FRS 102 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 Bank of England market implied inflation curve. This is consistent with the approach used at the last accounting date. The expected return on assets based on long-term future expected investment return for each asset class as at the beginning of the period (i.e. at 1 April 2016 for the year to 31 March 2017). 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.

Mortality rates for 2016 and 2017 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.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A 0.1% change in assumed discount rates would have the following effects:

	0.1% increase	0.1% decrease
Projected service cost	£417,000	£441,000
Present value of defined benefit obligation	<u>£9,839,000</u>	<u>£10,370,000</u>

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.



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## DUNDEE AIRPORT LIMITED

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

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#### 17. Pension commitments (continued)

##### Reconciliation of movements in the deficit

	2017 £000	2016 £000
Deficit at beginning of the year	(1,343)	(1,865)
Current service cost	(276)	(311)
Employer contributions	226	220
Other finance income	953	(285)
Actuarial gains/(losses)	(3,046)	899
Administrative expenses	(2)	(1)
<b>Deficit at the end of the year</b>	<b>(3,488)</b>	<b>(1,343)</b>

#### 18. Related party transactions

During the period revenue subsidies of £1,446,869 (2016: £2,807,774) was received from the Scottish Ministers via Highlands and Islands Airports Limited and £342,124 (2016: £342,145) was payable to Airport Management Services Limited, a fellow subsidiary of Highlands and Islands Airports Limited. Of this £nil (2016: £694,119) remained outstanding at 31 March 2017 from Highlands and Islands Airports Limited and £29,467 (2016: £30,690) to Airport Management Services Limited. During the period capital subsidies of £66,102 (2016: £255,336) was received from the Scottish Ministers.

£476,405 was due to Highlands and Islands Airports Limited from Dundee Airport Limited, £109,463 was disclosed within trade creditors and £366,942 was disclosed within accruals (2016: £356,152).

During the year purchases of £146,126 (2016: £146,126) and sales of £nil (2016: £200,000) were made, in relation to normal operating activities, from Dundee City Council. At 31 March 2017, £1,812 was due to Dundee City Council by Dundee Airport Limited and was disclosed within trade creditors and accruals (2016: £45,453). David Martin a director of Dundee Airport Limited, held the post of Chief Executive of Dundee City Council during the year.

#### 19. 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.

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**DUNDEE AIRPORT LIMITED**

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

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**20. 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.