Scott-Moncrieff
business advisers and accountants

DUNDEE AIRPORT LIMITED

Company registration number SC325066

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

DUNDEE AIRPORT LIMITED

COMPANY INFORMATION

Directors	Lorna Jack, MA, CA (Chairman) Gillian Bruton, BAcc, CA (Finance Director) Inglis Lyon, BSc (Hons) LLP (Managing Director) James McLaughlin, Chartered MCIPD, MBA Timothy Whittome, BSc (Hons), AMIMechE, MRIN David Martin David Savile
Company secretary	Inglis Lyon
Registered number	SC325066
Registered office	Inverness Airport Inverness IV2 7JB
Independent auditor	Scott-Moncrieff Chartered Accountants Exchange Place 3 Semple Street Edinburgh EH3 8BL

DUNDEE AIRPORT LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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 loss for the year, after taxation, amounted to £1,000 *(2017 - £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 judgements 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 and up to the date of approval were:

Lorna Jack, MA, CA (Chairman)
Michael Cantlay, OBE, BA, MBA, DUniv (Former Chairman) (resigned 2 October 2017)
Gillian Bruton, BAcc, CA (Finance Director)
Inglis Lyon, BSc (Hons) LLP (Managing Director)
James McLaughlin, Chartered MCIPD, MBA
Timothy Whittome, BSc (Hons), AMIMechE, MRIN
David Martin
David Savile

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: 4 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUNDEE AIRPORT LIMITED

Opinion

We have audited the financial statements of Dundee Airport Limited for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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 in relation to which 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' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of the directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Use of our report

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, as a body, 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.

Nick Bennett

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

4 September 2018

DUNDEE AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £000	*2017 £000*
Turnover	5	**3,795**	*2,877*
Direct operating costs		**(3,686)**	*(3,461)*
Gross profit/(loss)		**109**	*(584)*
Administrative expenses		**(421)**	*(369)*
Operating loss	6	**(312)**	*(953)*
Expected return on pension scheme assets	17	**594**	*1,207*
Interest on pension scheme liabilities	17	**(283)**	*(254)*
(Loss)/profit before taxation		**(1)**	-
Tax on profit	8	-	-
(Loss)/Profit for the financial year		**(1)**	-
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme	17	**1,849**	*(3,046)*
Total comprehensive income for the year		**1,848**	*(3,046)*

The notes on pages 9 to 24 form part of these financial statements.

DUNDEE AIRPORT LIMITED
REGISTERED NUMBER:SC325066

BALANCE SHEET
AS AT 31 MARCH 2018

	Note		2018 £000		*2017 £000*
Fixed assets					
Tangible assets	9		**6,178**		*6,923*
			6,178		*6,923*
Current assets					
Stocks		**39**		*38*	
Debtors: amounts falling due within one year	10	**152**		*591*	
Bank and cash balances		**152**		*13*	
		343		*642*	
Creditors: amounts falling due within one year	11	**(919)**		*(1,108)*	
Net current liabilities			**(576)**		*(466)*
Total assets less current liabilities			**5,602**		*6,457*
Deferred subsidies	13		**(6,050)**		*(6,781)*
Net assets excluding pension liability			**(448)**		*(324)*
Pension liability			**(1,516)**		*(3,488)*
Net liabilities			**(1,964)**		*(3,812)*
Capital and reserves					
Called up share capital	14		**5**		*5*
Profit and loss account	15		**(1,969)**		*(3,817)*
			(1,964)		*(3,812)*

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 4 September 2018.by:

Lorna Jack
Director

Inglis Lyon
Director

The notes on pages 9 to 24 form part of these financial statements.

DUNDEE AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £000	Profit and loss reserve £000	Total equity £000
At 1 April 2016	5	(771)	(766)
Comprehensive income for the year			
Profit for the year	-	-	-
Actuarial losses on pension scheme	-	(3,046)	(3,046)
At 1 April 2017	5	(3,817)	(3,812)
Comprehensive income for the year			
Loss for the year	-	(1)	(1)
Actuarial gains on pension scheme	-	1,849	1,849
At 31 March 2018	5	(1,969)	(1,964)

The notes on pages 9 to 24 form part of these financial statements.

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 2018.

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 private 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 has 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 unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company 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 £1,969,000 (2017: £3,817,000) deficit in the profit and loss reserve. 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 company also has net current liabilities of £576,000 (2017: £466,000). The net current liabilities position has arisen due to the company owing group undertakings £477,000 (2017: £506,000) (see Note 18) and having deferred income of £177,000 (2017: £352,000). The group undertakings will not seek payment until the company is in a position to pay and deferred income does not represent a liability due to be paid. Excluding these amounts the company has net current assets of £78,000 (2017: £392,000).

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 £20.9 million for the year ending 31 March 2019. 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.

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.

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 end of 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 corporation 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. 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, other equipment and furniture	- 3 - 10 years
Motor vehicles	- 5 years
Runways, aprons and main services	- 7 - 25 years

Land and assets in the course of construction and installation are not depreciated.

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 outbasis.

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 instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

3. Accounting policies (continued)

3.9 Financial instruments (continued)

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 the 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.

4. Judgments 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 financial 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, the pension assumptions and the bad debt provision. 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. The bad debt provision has been reviewed and has been deemed to be appropriate.

5. Turnover

An analysis of turnover by class of business is as follows:

	2018	*2017*
	£000	*£000*
Sales	**1,313**	*1,430*
Subsidies	**2,482**	*1,447*
	3,795	*2,877*

All turnover arose within the United Kingdom.

6. Operating loss

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

	2018	*2017*
	£000	*£000*
Depreciation of tangible fixed assets	**952**	*1,384*
Fees payable to the company's auditor - audit	**3**	*3*
Deferred subsidies released	**(910)**	*(1,354)*

7. Employees

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

	2018 No.	*2017* *No.*
Administration	11	*9*
Air traffic services	9	*10*
Airport fire service	21	*21*
Engineering	1	*1*
Management	-	*1*
	42	*42*

8. Taxation

	2018 £000	*2017* *£000*
Current tax on losses for the year	-	*-*

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2017 - the same as)* the standard rate of corporation tax in the UK of 19% *(2017 - 20%)* as set out below:

	2018 £000	*2017* *£000*
Loss on ordinary activities before tax	(1)	*-*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	-	*-*
Effects of:		
Net depreciation in excess of capital allowances	1	*4*
Pension provisions not deductible for tax purposes	(24)	*(181)*
Tax losses	23	*177*
Total tax charge for the year	-	*-*

9. Tangible fixed assets

	Land and buildings freehold £000	Land and buildings leasehold £000	Plant, other equipment, vehicles and furniture £000	Navaids £000	Runways aprons and main services £000
Cost					
At 1 April 2017	341	3,864	4,892	917	14,463
Additions	14	-	64	-	-
Disposals	-	-	(32)	-	-
Transfers between classes	-	-	69	40	10
At 31 March 2018	355	3,864	4,993	957	14,473
Depreciation					
At 1 April 2017	103	3,320	4,359	727	9,089
Charge for the year	21	100	112	25	694
Disposals	-	-	(32)	-	-
At 31 March 2018	124	3,420	4,439	752	9,783
Net book value					
At 31 March 2018	231	444	554	205	4,690
At 31 March 2017	*238*	*544*	*533*	*190*	*5,374*

9. Tangible fixed assets (continued)

	Assets in course of construction and installation £000	Total £000
Cost		
At 1 April 2017	44	24,521
Additions	129	207
Disposals	-	(32)
Transfers between classes	(119)	-
At 31 March 2018	54	24,696
Depreciation		
At 1 April 2017	-	17,598
Charge for the year	-	952
Disposals	-	(32)
At 31 March 2018	-	18,518
Net book value		
At 31 March 2018	54	6,178
At 31 March 2017	*44*	*6,923*

10. Debtors

	2018 £000	2017 £000
Trade debtors	98	573
Other debtors	33	-
Prepayments and accrued income	21	18
	152	591

11. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	73	27
Amounts owed to group undertakings	56	139
Other taxation and social security	35	38
Other creditors	57	81
Accruals and deferred income	698	823
	919	1,108

12. Financial instruments

	2018 £000	2017 £000
Financial assets		
Cash and cash equivalents	152	13
Financial assets measured at amortised cost	132	574
	284	587
Financial liabilities		
Financial liabilities measured at amortised cost	(707)	(718)

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

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

13. Deferred subsidies

	2018 £000	2017 £000
Balance at 1 April	6,781	8,069
Subsidies receivable	179	66
Released to profit and loss account	(910)	(1,354)
	6,050	6,781

14. Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
5,000 ordinary shares of £1 each	5	5

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 2018 the company had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	559	619

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.

	2018 £000	*2017* *£000*
Reconciliation of present value of plan liabilities		
As at 1 April	**10,101**	*6,497*
Current service cost	**402**	*276*
Interest on pension scheme liabilities	**283**	*254*
Benefits paid net of transfers in	**(55)**	*(57)*
Contributions by scheme participants	**85**	*85*
Actuarial (gains)/losses	**(621)**	*3,046*
As at 31 March	**10,195**	*10,101*

Reconciliation of present value of plan assets:

	2018 £000	*2017* *£000*
As at 1 April	**6,613**	*5,154*
Interest on assets	**189**	*206*
Return on assets less interest	**405**	*1,001*
Actuarial gains	**1,228**	*-*
Contributions by employer	**216**	*226*
Contributions by scheme participants	**85**	*85*
Benefits paid net of transfer in and including unfunded	**(55)**	*(57)*
Administration expenses	**(2)**	*(2)*
As at 31 March	**8,679**	*6,613*

17. Pension commitments (continued)

Composition of plan assets:

	2018 £000	*2017 £000*
Equities	6,040	*4,762*
Gilts	424	*438*
Other bonds	987	*652*
Property	986	*652*
Cash	242	*109*
Total plan assets	**8,679**	*6,613*

	2018 £000	*2017 £000*
Fair value of plan assets	8,679	*6,613*
Present value of plan liabilities	(10,195)	*(10,101)*
Net pension scheme liability	**(1,516)**	*(3,488)*

The amounts recognised in profit or loss are as follows:

	2018 £000	*2017 £000*
Contribution by employer	(216)	*(226)*
Current service cost	402	*276*
Interest on obligation	283	*254*
Interest income on plan assets	(594)	*(1,207)*
Administration expenses	2	*2*
Total	**(123)**	*(901)*

The company expects to contribute £211,000 to its Defined Benefit Pension Scheme in the year ended 31 March 2019.

	2018 £000	*2017 £000*
Analysis of actuarial gain/(loss) recognised in Other Comprehensive Income		
Actuarial gains/(losses) recognised in Other Comprehensive Income	1,849	*(3,046)*

17. Pension commitments (continued)

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

	2018 %	*2017 %*
Discount rate	**2.6**	*2.8*
Future salary increases	**3.3**	*3.6*
Future pension increases	**2.3**	*2.7*
Expected rates of return on scheme	**2.6**	*2.8*
RPI Inflation assumption	**3.3**	*3.6*
CPI Inflation assumption	**2.3**	*2.7*
Mortality rates		
Current pensioners at 65 - male	**20.3**	*21.4*
Current pensioners at 65 - female	**22.2**	*23.5*
Future pensioners at 65 - male	**22.1**	*23.7*
Future pensioners at 65 - female	**24.1**	*25.8*

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditors preferences.

Similarly to the approach used to derive the discount rate, the Retail Price Index (RPI) increase assumptions is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyone the 40 year point. The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

Mortality rates for 2018 are based of S2P2 tables with a 130% multiplier, making allowance for future improvement factors in line with the CMI 2016 model, with a long term rate of 1.5% p.a. with a smoothing parameter of 7.5. The disclosures above is 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.

17. Pension commitments (continued)

Assumed discount rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed discount rates would have the following effects:

	0.1% increase	0.1% decrease
Projected service cost	**400,000**	**423,000**
Present value of defined benefit obligation	**9,923,000**	**10,475,000**

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.

Reconciliation of movements in the deficit

	2018 £000	*2017 £000*
Deficit at beginning of the year	**(3,488)**	*(1,343)*
Current service cost	**(402)**	*(276)*
Employer contributions	**216**	*226*
Other finance income	**311**	*953*
Actuarial gains/(losses)	**1,849**	*(3,046)*
Administrative expenses	**(2)**	*(2)*
Deficit at the end of the year	**(1,516)**	*(3,488)*

18. Related party transactions

During the period revenue subsidies of £2,482,451 (2017: £1,446,869) was received from the Scottish Ministers via Highlands and Islands Airports Limited and £374,216 (2017: £342,124) was payable to Airport Management Services Limited, a fellow subsidiary of Highlands and Islands Airports Limited. Of this £nil (2017: nil) remained outstanding at 31 March 2018 from Highlands and Islands Airports Limited and £35,359 (2017: £29,467) to Airport Management Services Limited. During the period capital subsidies of £179,780 (2017: £66,102) was received from the Scottish Ministers.

£441,509 was due to Highlands and Islands Airports Limited from Dundee Airport Limited, £20,225 (2017: £109,463) was disclosed within trade creditors and £421,284 was disclosed within accruals (2017: £366,942).

During the year purchases of £113,836 (2017: £146,126) were made, in relation to normal operating activities, from Dundee City Council. At 31 March 2018, £1,500 was due to Dundee City Council by Dundee Airport Limited and was disclosed within trade creditors and accruals (2017: £1,812). David Martin a director of Dundee Airport Limited, held the post of Chief Executive of Dundee City Council during the year.

The amounts outstanding at the year end are unsecured for cash settlement in accordance with usual terms.

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.