

**AIRPORT MANAGEMENT SERVICES LIMITED**

**Company registration number SC353385**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

## **AIRPORT MANAGEMENT SERVICES LIMITED**

### **COMPANY INFORMATION**

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**Directors** Lorna Jack, MA, CA (Chairman)  
Inglis Lyon, BSc (Hons) LLB (Managing Director)  
Gillian Bruton, BAcc, CA (Finance Director)  
David Savile  
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 2018**

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

#### **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 £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 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 and up to the date of approval of these financial statements were:

Lorna Jack, MA,CA (Chairman)

Michael Cantlay, OBE, BA, MBA, DUnov (former Chairman) (resigned 2 October 2017)

Inglis Lyon, BSc (Hons) LLB (Managing Director)

Gillian Bruton, BAcc, CA (Finance Director)

David Savile

James McLaughlin, Chartered MCIPD, MBA

Timothy Whittome, BSc (Hons), AMIMechE, MRIN

**AIRPORT MANAGEMENT SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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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.

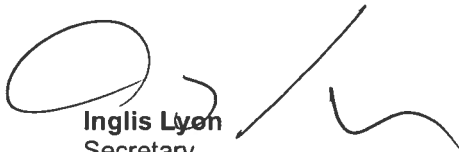
**Auditor**

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 and signed on its behalf by:

  
**Inglis Lyon**  
Secretary

Date: 4 September 2018

## **AIRPORT MANAGEMENT SERVICES LIMITED**

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

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#### **Opinion**

We have audited the financial statements of Airport Management Services 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 profit 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.

#### **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.

## **AIRPORT MANAGEMENT SERVICES LIMITED**

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

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#### **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.

## AIRPORT MANAGEMENT SERVICES LIMITED

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

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#### 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](http://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 (Senior Statutory Auditor)**

for and on behalf of

**Scott-Moncrieff, Statutory Auditor**

Chartered Accountants

Exchange Place 3

Sample Street

Edinburgh

EH3 8BL

4 September 2018



**AIRPORT MANAGEMENT SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

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	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
Turnover	5	<b>7,036</b>	5,978
Cost of sales		<b>(7,035)</b>	(5,978)
<b>Gross profit</b>		<b>1</b>	-
Administrative expenses		-	-
<b>Profit on ordinary activities before taxation</b>		<b>1</b>	-
Taxation on ordinary activities	8	-	-
<b>Profit for the financial year</b>		<b>1</b>	-

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The notes on pages 9 to 15 form part of these financial statements.

**AIRPORT MANAGEMENT SERVICES LIMITED**  
**REGISTERED NUMBER:SC353385**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £000	2017 £000
<b>Current assets</b>			
Debtors	9	431	362
Cash at bank and in hand		52	43
		<u>483</u>	<u>405</u>
Creditors: amounts falling due within one year	10	(473)	(396)
<b>Net assets</b>		<u>10</u>	<u>9</u>
<b>Capital and reserves</b>			
Called up share capital	12	5	5
Profit and loss reserve	13	5	4
		<u>10</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 Section 1A 'Small Entities' of Financial Reporting Standard 102.

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



**Lorna Jack, MA,CA**  
Chairman



**Inglis Lyon**  
Managing Director

Date: 4 September 2018

The notes on pages 9 to 15 form part of these financial statements.

**AIRPORT MANAGEMENT SERVICES LIMITED**

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

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	<b>Called up share capital £000</b>	<b>Profit and loss reserve £000</b>	<b>Total equity £000</b>
<b>At 1 April 2016</b>	<b>5</b>	<b>4</b>	<b>9</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	-	-
<b>At 1 April 2017</b>	<b>5</b>	<b>4</b>	<b>9</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1	1
<b>At 31 March 2018</b>	<b>5</b>	<b>5</b>	<b>10</b>

The notes on pages 9 to 15 form part of these financial statements.

## AIRPORT MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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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 2018.

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

Airport Management Services 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 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 unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with FRS 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 £20.9 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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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 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 instrument 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), including loans and other debtors and creditors, are initially measured at the 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

**3. Accounting policies (continued)**

**3.6 Financial instruments (continued)**

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.

**3.7 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 2018

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#### 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:

	2018	2017
	£000	£000
Fees payable to the company's auditor - audit	3	3
Defined contribution pension cost	443	415
	<u>443</u>	<u>415</u>

#### 7. Employees

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

	2018	2017
	No.	No.
Agents	190	186
Supervisors	21	23
Senior supervisors	1	1
Assistant security manager	2	2
Trainers	3	3
Administration	1	-
Management	6	6
	<u>224</u>	<u>221</u>

The Directors did not receive any remuneration from the company during the year (2017: £nil).

## AIRPORT MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 8. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	-	-

#### Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2017 - 20%).

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

#### 9. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	418	356
Other debtors	6	3
Prepayments	7	3
	<u>431</u>	<u>362</u>

#### 10. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	5	3
Other taxation and social security	125	135
Other creditors	54	47
Accruals	289	211
	<u>473</u>	<u>396</u>

Included within other creditors is £53,910 (2017: £47,297) due to the defined contribution pension scheme.



## AIRPORT MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 11. Financial instruments

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
<b>Financial assets</b>		
Cash and cash equivalents	<b>52</b>	<i>43</i>
Financial assets measured at amortised cost	<b>424</b>	<i>359</i>
	<b>476</b>	<i>402</i>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>348</b>	<i>261</i>

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

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
<b>Allotted, called up and fully paid</b>		
5,000 ordinary shares of £1 each	<b>5</b>	<i>5</i>

#### 13. Reserves

##### Profit and loss reserve

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

#### 14. Related party transactions

During the year income of £6,660,883 (2017: £5,635,631) was receivable from Highlands and Islands Airports Limited and £374,216 (2017: £342,124) was receivable from Dundee Airport Limited, a fellow subsidiary of Highlands and Islands Airports Limited. Of this, £35,359 (2017: £29,467) remained outstanding from Dundee Airport Limited and £383,054 (2017: £326,084) was owed from Highlands and Islands Airports Limited. During the year expenditure of £171,290 was payable to Highlands and Islands Airports Limited (2017: £47,910).

## **AIRPORT MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

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#### **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.