

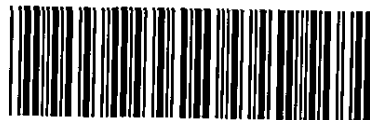
## **Infratil Kent Facilities Limited**

Directors' report and financial statements

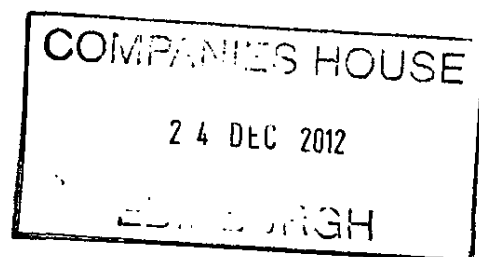
Registered number SC136162

31 March 2012

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2012.

### **Principal activity and business review**

The principal activity of the company is that of a property company providing facilities to the operator of Kent International Airport. The results for the year are set out on page 4.

### **Dividend**

The directors do not propose the payment of a dividend in respect of the current year (2011:£Nil).

### **Going concern**

The directors have reviewed the company's financial position and on the basis of the letter of support from the company's immediate holding company are satisfied that the company is well positioned to manage its financial position for the foreseeable future.

### **Directors**

The directors who held office during the year and to the date of the report were as follows:

DAR Newman	HRL Morrison (passed away 10 February 2012)
S Fitzgerald	P Ridley-Smith (resigned 15 April 2011)
I Cochrane	TM Wilson (appointed 1 April 2011)
P Walker (appointed 23 May 2012)	C Buchanan (appointed 23 May 2012)

### **Financial instruments**

The company's policy is to minimise the use of complex financial instruments.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**I Cochrane**  
Director

Glasgow Prestwick Airport  
Prestwick  
KA9 2PL

20<sup>th</sup> December 2012

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

191 West George Street  
Glasgow  
G2 2LJ  
United Kingdom

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRATIL KENT FACILITIES LIMITED**

We have audited the financial statements of Infratil Kent Facilities Limited for the year ended 31 March 2012 set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with schedule 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**M Ross (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

21<sup>st</sup> December 2012

**Profit and loss account**  
*for the year ended 31 March 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	2011 £000
<b>Turnover</b>	<i>1</i>	<b>1,626</b>	1,234
Cost of sales (including impairment of fixed assets of £4,045,000 (2011: £3,189,000))		<b>(4,914)</b>	(4,247)
<b>Gross loss and Operating loss</b>		<b>(3,288)</b>	(3,013)
Interest payable and similar charges	<i>4</i>	<b>(704)</b>	(669)
<b>Loss on ordinary activities before taxation</b>	<i>2</i>	<b>(3,992)</b>	(3,682)
Tax on loss on ordinary activities	<i>5</i>	<b>(220)</b>	109
<b>Loss for the financial year</b>	<i>11</i>	<b>(4,212)</b>	(3,573)

All activities of the company are continuing.

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2012*

	<b>2012</b> <b>£000</b>	2011 £000
Loss for the financial year	<b>(4,212)</b>	(3,573)
Revaluation of investment property and fixed assets	<b>(100)</b>	(444)
<b>Total recognised losses relating to the financial year</b>	<b>(4,312)</b>	(4,017)

**Balance sheet**  
*at 31 March 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<b>Fixed assets</b>			
Investment property	6	3,100	3,200
Tangible assets	7	12,000	15,000
		<u>15,100</u>	<u>18,200</u>
<b>Creditors: amounts falling due within one year</b>	8	(23,891)	(22,679)
<b>Net current liabilities</b>		<u>(23,891)</u>	<u>(22,679)</u>
<b>Total assets less current liabilities</b>		(8,791)	(4,479)
Provision for liabilities and charges	9	-	-
<b>Net liabilities</b>		<u>(8,791)</u>	<u>(4,479)</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Revaluation reserve	11	100	200
Profit and loss account	11	(8,891)	(4,679)
<b>Shareholders' deficit</b>	12	<u>(8,791)</u>	<u>(4,479)</u>

These financial statements were approved by the board of directors on 20<sup>th</sup> December 2012 and were signed on its behalf by:



**I Cochrane**  
*Director*

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified by the revaluation of fixed assets.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £23,891,000 and net liabilities of £8,791,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by group companies. The company's immediate parent undertaking, Infratil Airports Europe Limited, has indicated that for at least twelve months from the date of approval of these financial statements or, if shorter, for as long as the company remains a wholly owned subsidiary of the company's ultimate parent undertaking, Infratil Limited, it will continue to make available such funds as are needed by the company to pay its liabilities as they fall due and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the undertaking from Infratil Airports Europe Limited, which has a similar undertaking of ongoing financial support from its parent undertaking, Infratil Limited, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being in appropriate.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Runway surfaces	- 10 years
Runway bases	- Up to 80 years
General property	- Up to 20 years
Terminal offices, warehouses and piers	- 40-60 years
General plant and equipment	- Up to 20 years
Motor vehicles	- 4 years

No depreciation is provided on freehold land.

Assets under construction are transferred to the relevant asset category when they become operational and are depreciated from that date.

The group has adopted a policy of revaluation for its tangible fixed assets other than investment properties; such assets are held in the balance sheet at their current value, this being defined as their recoverable amount. Under this policy such assets are subject to a full revaluation at least every five years with an interim valuation carried out in the third year after each full revaluation. A valuation may be carried out at an earlier date should events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.



## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Reversals of impairment***

Where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset than the resultant reversal of the impairment loss is recognised in the current period.

#### ***Investment property***

Investment properties are defined as properties held for their investment potential; most of which are occupied. Such properties are held in the balance sheet at their open market value at the balance sheet date on the basis of an external valuation.

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve until the carrying amount reaches the asset's historic cost at which point deficits are recognised in the profit and loss account; and (ii) no depreciation or amortisation is provided in respect of heritable investment properties. This may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot separately be identified or quantified.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

#### ***Turnover***

Turnover represents the charge to a fellow subsidiary undertaking for the exclusive use of the companies property.

## Notes (continued)

### 2 Loss on ordinary activities before taxation

	2012	2011
	£000	£000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	869	1,058
Impairment of fixed assets	4,045	3,189
Audit of these financial statements (borne by the parent undertaking)	6	6

### 3 Directors and employees

The company did not employ any staff in either the current or previous year.

None of the directors received any remuneration during the year in respect of their services to the company.

### 4 Interest payable and similar charges

	2012	2011
	£000	£000
On inter group loans	<u>704</u>	<u>669</u>

### 5 Taxation

#### (a) Analysis of taxation

	2012	2011
	£000	£000
<i>UK corporation tax</i>		
Current tax on loss for the year (group relief payable at 26% (2011: 28%))	<u>220</u>	<u>99</u>
Deferred tax:		
Origination or reversal of timing differences	-	(188)
Adjustments in respect of prior periods	-	(5)
Adjustment in respect of different tax rates	<u>-</u>	<u>(15)</u>
	-	(208)
Total tax charge / (credit)	<u><u>220</u></u>	<u><u>(109)</u></u>

Notes (continued)

5 **Taxation (continued)**

(b) Factors affecting the tax charge

The current tax charge for the year is higher (2011: higher) than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained as follows:

	2012 £000	2011 £000
Loss on ordinary activities before tax	<u>(3,992)</u>	<u>(3,682)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 26% (2011: 28%)	(1,038)	(1,031)
<i>Effects of:</i>		
Depreciation in excess of capital allowances	-	188
Depreciation/impairment of ineligible assets	660	996
Disallowable expenditure and other permanent differences including IBA's	-	(194)
Difference in tax rates	45	24
Deferred tax asset not recognised	553	116
Total Corporation Tax Charge	<u>220</u>	<u>99</u>

The company has a deferred tax asset of £661,000 (2011: £116,000) relating to accelerated capital allowances which has not been recognised due to uncertainty over their recoverability.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax asset accordingly.

6 **Investment Property**

	2012 £000	2011 £000
At beginning of year	3,200	3,100
Revaluation during year	(100)	100
At end of year	<u>3,100</u>	<u>3,200</u>

Investment property was revalued by the Directors as at 31 March 2012 by reference to an external valuation performed by Drivers Jonas Deloitte. The Drivers Jonas Deloitte valuation was performed by a fellow of the Royal Institution of Chartered Surveyors in accordance with the recommendations of the RICS as defined within the RICS Valuation Standards.

## Notes (continued)

### 7 Tangible Fixed Assets

	Land and Buildings	Plant and machinery	Assets under construction	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At beginning of year	10,846	2,891	1,220	43	15,000
Additions	432	238	1,244	-	1,914
Revaluation	(3,688)	(1,200)	-	(26)	(4,914)
At end of year	<u>7,590</u>	<u>1,929</u>	<u>2,464</u>	<u>17</u>	<u>12,000</u>
<b>Depreciation</b>					
At beginning of year	-	-	-	-	-
Charge for year	(469)	(381)	-	(19)	(869)
Revaluation	469	381	-	19	869
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>					
At 31 March 2012	<u>7,590</u>	<u>1,929</u>	<u>2,464</u>	<u>17</u>	<u>12,000</u>
At 31 March 2011	<u>10,846</u>	<u>2,891</u>	<u>1,220</u>	<u>43</u>	<u>15,000</u>

Included in land and building is land, valued at £882,000 (2011: £1,257,000), which is not depreciated.

The tangible fixed assets were revalued by the directors as at 31 March 2012 by reference to a valuation carried out by HRL Morrison & Co Ltd, the management company of the ultimate parent undertaking, Infratil Limited. Value in use calculations, as well as external market data, supported the valuation at 31 March 2012. Key assumptions used in the value in use calculations include the discount rate and expected future cash flows. Impairment losses recognised on previously revalued fixed assets are allocated to the carrying amount of the tangible assets in the relevant income generating unit on a pro-rata basis. The valuation of assets is a key area of judgement and any changes in the directors' estimate of the present value of such cash flows, in the relevant discount rate, and/or in relevant external market data, could result in further impairment charges being required in relation to the carrying value of the group's fixed assets, which could be significant.

#### Historical cost information

This information relates to both investment property and tangible fixed assets.

	2012 £000	2011 £000
Historical cost of revalued assets	29,451	27,537
Aggregate depreciation thereon	(7,022)	(6,153)
Impairment against historical cost	<u>(7,429)</u>	<u>(3,384)</u>
Historical cost net book value	<u>15,000</u>	<u>18,000</u>

**Notes** *(continued)*

**8 Creditors: amounts falling due within one year**

	<b>2012</b>	2011
	<b>£000</b>	£000
Amounts due to group undertakings	<u><b>23,891</b></u>	<u>22,679</u>

**9 Provisions for liabilities and charges**

Deferred taxation at 24% (2011: 26%) is provided as follows:

	<b>2012</b>	2011
	<b>£000</b>	£000
Accelerated capital allowances	<u>-</u>	<u>-</u>
	<b>2012</b>	2011
	<b>£000</b>	£000
Balance at beginning of the year	-	208
(Credit) / Charge for the year	-	(208)
Balance at the end of the year	<u>-</u>	<u>-</u>

The amount of unprovided deferred tax on capital gains that might arise if the fixed assets were to be sold at their current carrying value is £0.01 million (2011: £0.01 million).

**10 Called up share capital**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<i>Allotted, issued and fully paid</i>		
2 ordinary shares of £1 each	<u><b>2</b></u>	<u>2</u>

## Notes (continued)

### 11 Reserves

	Profit and loss account £000	Revaluation reserve £000
At beginning of year	(4,679)	200
Revaluation of fixed assets	-	(100)
Loss for the financial year	(4,212)	-
<b>At end of year</b>	<b>(8,891)</b>	<b>100</b>

### 12 Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Loss for the financial year	(4,212)	(3,573)
Revaluation deficit	(100)	(444)
Net reduction in shareholders' funds	(4,312)	(4,017)
Opening shareholders' deficit	(4,479)	(462)
<b>Closing shareholders' deficit</b>	<b>(8,791)</b>	<b>(4,479)</b>

### 13 Guarantees and other financial commitments

There were commitments for capital expenditure totalling £857,000 at 31 March 2012 (2011: £1,779,000)

### 14 Related party disclosures

As the company is a wholly owned subsidiary of Infratil Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of that group (or investees of the group qualifying as related parties). The consolidated financial statements of Infratil Limited can be obtained from the address given in note 15.

### 15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Infratil Limited incorporated in New Zealand which is the largest group in which the results of the company are consolidated. The smallest group in which they are consolidated is that headed by Infratil Airports Europe Limited. The consolidated accounts of Infratil Airports Europe Limited are available to the public from the group's registered office Glasgow Prestwick Airport, Prestwick, KA9 2PL, Scotland. The consolidated accounts of Infratil Limited are available to the public from the group's registered office, 5 Market Lane, PO Box 320, Wellington 6140, New Zealand or from the group's website [www.infratil.com](http://www.infratil.com).