

Registered No. SC136162 (Scotland)

KENT FACILITIES LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016



KENT FACILITIES LIMITED

COMPANY INFORMATION

Director	G J McCabe
Company number	SC136162
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Solicitors	Burness Paul LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Auditors	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

KENT FACILITIES LIMITED

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KENT FACILITIES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents his report and the audited financial statements for the year ended 31 March 2016. This director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

PRINCIPAL ACTIVITIES AND REVIEW

The principal activity of Kent Facilities Limited, registered company number SC136162, ("the company"), was providing facilities to the operator of Manston, Kent's International Airport. Subsequent to the appropriation of its freehold property holding, from fixed assets to work in progress in May 2014, the principal activity changed to that of property development. On 19th September 2014, the company sold its freehold property.

RESULTS AND DIVIDENDS

The net loss for the year amounted to £100,000 (2015: £2,867,000). No ordinary dividend was paid in the current or prior year.

DIRECTORS

The directors who held office during the year were as follows:

AB Mackinnon (resigned 31 March 2016)
AJM Welch (resigned 31 March 2016)
G J McCabe (appointed 31 March 2016)

STATEMENT OF DIRECTORS' RESPONSIBILITY

The director is responsible for preparing the Director's Report and financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Company law requires the Director to prepare financial statements for each financial year. Under that law, the director has elected to prepare the company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under Company law, the director 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 for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as issued by the IASB and adopted by the European Union, 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

KENT FACILITIES LIMITED

DIRECTORS' REPORT (continued)


FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF DISCLOSURE TO AUDITORS

As far as the director is aware, there is no relevant information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director in order to make him aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

ON BEHALF OF THE BOARD


.....

G J McCabe

Director

8 November 2016

KENT FACILITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT FACILITIES LIMITED

We have audited the financial statements of Kent Facilities Limited for the year ended 31 March 2016 set out on pages 4 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on pages 1-2, 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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 by the company, 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.

Johnston Carmichael LLP
David Holmes (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditor

16 December 2016
7-11 Melville Street
Edinburgh
EH3 7PE

KENT FACILITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Revenue	2	-	7,030
Other income	3	-	270
		-	7,300
Cost of sales		-	(7,013)
Depreciation and amortisation	7	-	(279)
		-	(7,292)
Gross profit/(loss)		-	8
Other operating expenses		(185)	(2,968)
Operating loss	4	(185)	(2,960)
Loan interest receivable		85	45
Loss on ordinary activities before tax		(100)	(2,915)
Taxation	5	-	48
Loss on ordinary activities after tax		(100)	(2,867)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(100)	(2,867)

Total comprehensive income for the current and prior year is wholly attributable to the equity holders of Kent Facilities Limited.

KENT FACILITIES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
NON CURRENT ASSETS			
Property, plant and equipment	7	-	1,981
Non current financial asset	12	2,557	2,267
TOTAL NON CURRENT ASSETS		2,557	4,248
CURRENT ASSETS			
Trade and other receivables	8	2,039	2,426
TOTAL CURRENT ASSETS		2,039	2,426
TOTAL ASSETS		4,596	6,674
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	112	615
		112	615
NON CURRENT LIABILITIES			
Other payables	10	-	1,735
TOTAL LIABILITIES		112	2,350
EQUITY			
Share capital	14	22,917	22,917
Retained earnings	15	(18,433)	(18,593)
TOTAL EQUITY		4,484	4,324
TOTAL EQUITY AND LIABILITIES		4,596	6,674

The notes on pages 8 to 17 are an integral part of the financial statements.

Approved by the Board on 8 November 2016 and signed on its behalf by:



G J McCabe
Director
Registered No. SC136162

KENT FACILITIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2014	22,917	-	(14,958)	7,959
Shares issued in the period	-	-	-	
Total comprehensive income for the year	-	-	(2,867)	(2,867)
Distribution	-	-	(768)	(768)
Balance as at 31 March 2015	<u>22,917</u>	<u>-</u>	<u>(18,593)</u>	<u>4,324</u>
Total comprehensive income for the year	-	-	(100)	(100)
Distribution adjustment	-	-	260	260
Balance at 31 March 2016	<u>22,917</u>	<u>-</u>	<u>(18,433)</u>	<u>4,484</u>

The distribution adjustment made in the year to 31 March 2016 is in relation to the fair value adjustment for non-current financial assets (see note 13).

KENT FACILITIES LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Cash generated from operations	17	(576)	(3,404)
Interest received		66	-
Tax received		48	48
Net cash from operating activities		<u>(462)</u>	<u>(3,356)</u>
Cash flows from investing activities			
Purchase of fixed assets		-	(9)
Proceeds from sale of property, plant and equipment		462	3,365
Net cash used in investing activities		<u>462</u>	<u>3,356</u>
Cash flows from financial activities			
Net cash from financial activities		-	-
Net increase/(decrease) in cash		-	-
Cash at beginning of period		-	-
Cash at end of period		<u>-</u>	<u>-</u>

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

1. STATEMENT OF COMPLIANCE

BASIS OF PREPARATION OF THE ACCOUNTS

The company is required by law to prepare accounts and to deliver them to the Registrar of Companies. The Accounts have been prepared in accordance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS") and International Finance Reporting Interpretations Committee ("IFRIC") Interpretations (collectively referred to as IFRS), as adopted by the EU as at the date of approval of these financial statements and which are mandatory for the financial year ended 31 March 2016. The financial statements are prepared in accordance with the Accounting Policies set out below.

GOING CONCERN

During the year to 31 March 2016, the company incurred a loss of £100,000 (2015: £2,867,000). However, the company has net assets of £4,484,000 (2015: £4,324,000) and on this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

NEW STANDARDS NOT YET APPLIED

The IASB has issued the following standards and interpretations to be applied to financial statements with years commencing on or after the following dates:

- Annual improvements to IFRS 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 1: Disclosure initiative (effective 1 January 2016)
- Amendments to IAS 7: Statement of Cash Flows (effective 1 January 2017)

The adoption of these amendments will have no material impact on the Company's results or financial statement disclosures. There are no other standards or amendments issued by the IASB and endorsed by the EU that will impact on the company.

PROPERTY PLANT AND EQUIPMENT

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

Plant and equipment	10 years
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Economic lives are reviewed on annual basis, to ensure that they are still relevant and appropriate.

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

LOANS AND RECEIVABLES

Loans and receivables are recognised initially at fair value and subsequently measured at amortised costs. Where the loan is issued at a below market rate of interest to a connected party, the adjustment to fair value is accounted for as distributions. Any differences between the amount initially recognised and the redemption value is recognised in the income statement over the period of the receivable, using the effective interest rate method.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised at fair value

TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured at their cost less impairment losses. The collectability of debt is assessed at reporting date and a specific provision is made for any doubtful debts.

REVENUE RECOGNITION

Revenue comprises the fair value consideration received or receivable from a fellow subsidiary undertaking for the exclusive use of the company's property, in accordance with the substance of relevant agreements.

CORPORATION TAX AND OTHER TAXES

Corporation tax is accounted for using the taxes payable method. The corporation tax expense recorded in the Statement of Comprehensive Income for the period represents the corporation tax payable for the period.

The current corporation tax asset or liability recognised on the Statement of Financial Position represents the current corporation tax balance due from or obligation to the relevant tax authority at balance date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable loss, and:
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 REVENUE

An analysis of company revenue is as follows:

	2016 £'000	2015 £'000
Rental income	-	12
Other income	-	7,018
	<hr/>	<hr/>
	-	7,030
	<hr/>	<hr/>

Other income includes amounts received from the sale of land.

3 OTHER OPERATING INCOME

Other operating income is the release of deferred income relating to the radar installation.

4 OPERATING LOSS

The operating loss is stated after charging:

	2016 £'000	2015 £'000
Depreciation of tangible assets	-	279
Provision for group debtor balance	663	2,658
Profit on disposal of property, plant and equipment	(486)	(12)
	<hr/>	<hr/>

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

5 TAXATION

	2016 £'000	2015 £'000
Current tax credit on loss for the year	-	48
UK Corporation tax	-	-
Tax credit on ordinary activities	-	48

Reconciliation of tax by domestic tax rate:

The tax charge on the profit on ordinary activities for the year varied from the standard rate of UK Corporation tax as follows:

	2016 £'000	2015 £'000
Loss before taxation per financial statements		(2,915)
Profit before taxation multiplied by UK tax corporation tax rate of 20% (2015: 21%)	(20)	(611)
Effects of:		
Non-taxable income	(401)	-
Depreciation in excess of capital allowances	-	(370)
Disallowable expenditure	438	1
Other timing differences	-	460
Utilisation of tax losses	(17)	520
Prior year adjustment	-	48
Tax credit reported in the statement of comprehensive income	-	48

The company has a deferred tax asset, primarily in respect of losses and other timing differences, of £1,864,593 (2015: £2,875,880) which has not been recognised due to current uncertainty over its recoverability.

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

6 AUDITORS' REMUNERATION

	2016 £'000	2015 £'000
Audit of the company's annual accounts	3	4

7 PROPERTY PLANT AND EQUIPMENT

	Land and buildings (including investment property) £'000	Plant and machinery £'000	Computer Equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
As at 1 April 2014	7,000	3,977	35	50	11,062
Additions	-	10	-	-	10
Disposals	-	(1,282)	(35)	(50)	(1,367)
Transfer	(7,000)	-	-	-	(7,000)
As at 1 April 2015	-	2,705	-	-	2,705
Additions	-	-	-	-	-
Disposals	-	(2,705)	-	-	(2,705)
As at 31 March 2016	-	-	-	-	-
Depreciation					
As at 1 April 2014	-	(453)	(9)	-	(462)
Charge for the year	-	(271)	(8)	-	(279)
On disposals	-	-	17	-	17
As at 1 April 2015	-	(724)	-	-	(724)
Charge for the year	-	-	-	-	-
On disposals	-	724	-	-	724
At end of year	-	-	-	-	-
Net book value					
At 31 March 2016	-	-	-	-	-
At 31 March 2015	-	1,981	-	-	1,981

Included within plant and machinery in the prior year is a radar installation on which a non-refundable financial contribution was received in relation to the construction of the asset. This contribution was included within accruals and is amortised in line with the depreciation of the relevant asset. During the current year, the radar was sold, with the financial contribution being released to the Statement of Comprehensive Income.

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

8 TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Trade receivables	26	55
Amount due from Kent Airport Limited	5,856	3,552
Provision re Kent Airport Receivable	(3,909)	(3,246)
Amount due from a related party	66	2,011
Tax recoverable	-	54
	<u>2,039</u>	<u>2,426</u>

	As at 31 March 2016 £'000	As at 31 March 2015 £'000
Ageing analysis of trade receivables		
Neither past due nor impaired	-	6
< 30 days past but not impaired	-	-
30 - 60 days past but not impaired	-	6
61 - 90 days past but not impaired	-	6
>90 days past but not impaired	26	37
Total	<u>26</u>	<u>55</u>

9 TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Trade payables	-	10
Amounts due to a related party	20	16
VAT Payable	92	-
Accruals	-	319
Deferred income	-	270
	<u>112</u>	<u>615</u>

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

10 OTHER PAYABLES

	2016 £'000	2015 £'000
Deferred Income	-	1,735

See note 7 for details of deferred income.

11 FINANCIAL RISK MANAGEMENT

Liquidity risk

The table below summarises the maturity profile of the group's financial liabilities based on a contracted undiscounted basis.

At 31 March 2016	On demand £'000	< 3 months £'000	3-12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
Other liabilities	20	92	-	-	-	112
Trade and other payables	-	-	-	-	-	-
	<u>20</u>	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112</u>
	<u>20</u>	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112</u>
At 31 March 2015	On demand £'000	< 3 months £'000	3-12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
Other liabilities	16	-	-	-	-	16
Trade and other payables	10	319	-	-	-	329
	<u>26</u>	<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345</u>
	<u>26</u>	<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345</u>

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 MEASUREMENT OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amount and fair value of the company's financial instruments:

	2016		2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Non current financial asset	2,557	2,557	2,267	2,267
Trade and other receivables	<u>2,039</u>	<u>2,039</u>	<u>2,372</u>	<u>2,372</u>
Financial liabilities				
Payables	<u>112</u>	<u>112</u>	<u>345</u>	<u>345</u>

The carrying value of financial instruments is a reasonable approximation of fair value.

13 FINANCIAL ASSETS

	2016	2015
	£'000	£'000
Loan notes due < 1 year	-	2,000
Loan notes due > 1 year	<u>2,557</u>	<u>2,267</u>
	<u>2,557</u>	<u>4,267</u>

Loan notes were received in part consideration for the sale of land during the prior year. The loan notes generate a fixed rate of interest of 1% and have a final redemption date of 10 years from the date of issue, unless previously redeemed. The loan notes are secured over the land held by the issuer of the loan notes. The long term element of the loan notes, £3,000,000, was initially recognised at fair value, with the difference between the loan note interest rate and the deemed market rate of 3%, being shown as a distribution in the financial statements. These loan notes are subsequently measured at amortised cost, with the difference between the amount initially recognised and the amortised cost being recognised in the income statement.

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

14 SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid shares:		
22,916,685 Ordinary shares of £1 each	22,916,685	22,916,685
	<u> </u>	<u> </u>

15 RESERVES

Retained earnings

The retained earnings reserve recognises all profits/losses that are revenue in nature or have been allocated to revenue.

16 RELATED PARTY DISCLOSURES

(a) Transactions and balances arising in the normal course of business

As at 31 March 2016, the company was due £5,856,025 (2015: £3,551,634) from Kent Airport Limited, and made a provision of £3,908,090 (2015: £3,246,009). The advance is interest free, unsecured and repayable on demand.

At the year end, the company was due £66,027 (2015: £Nil) from a company with a group director in common. This amount is interest free, unsecured and repayable on demand.

Included within creditors is £19,711 (2015: £15,585) due to a company, which also has a group director in common. This amount is interest free, unsecured and repayable on demand.

(b) Remuneration of key management personnel and directors

None of the key management personnel or directors received any remuneration from the company or from related companies, in respect of their services to the company.

(c) Immediate parent company

The directors regard Manston Skyport Limited, a company incorporated in Scotland, as the immediate parent company.

(d) Ultimate parent company

The directors regard Highland Global Transport Limited, a company incorporated in Scotland as the ultimate parent company, and also the immediate parent company of Manston Skyport Limited. The financial statements of Highland Global Transport Limited are available at its registered office, 16 Charlotte Square, Edinburgh, EH2 4DF.

KENT FACILITIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

17 CASH GENERATED FROM OPERATIONS

	2016 £'000	2015 £'000
Operating loss	(185)	(2,960)
Add back impairment on intercompany loan	663	279
Less profit on disposal	(486)	(17)
Increase in trade and other receivables	(335)	(368)
Decrease in trade and other payables	(233)	(338)
Cash generated from operations	(576)	(3,404)