Registered No. SC136162 (Scotland)

KENT FACILITIES LIMITED (FORMERLY INFRATIL KENT FACILITIES LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

COMPANY INFORMATION

Directors	AB Mackinnon AJM Welch
Company number	SC176703
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Auditors	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

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KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the audited financial statements for the year ended 31 March 2014. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

CHANGE OF NAME
On 29 November 2013, and pursuant to the entire share capital of the company being acquired by Manston Skyport Limited, the company changed its name from Infratil Kent Facilities Limited to Kent Facilities Limited.

PRINCIPAL ACTIVITIES AND REVIEW
The principal activity of Kent Facilities limited, registered company number SC136162, ("the company"), is 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.

RESULTS AND DIVIDENDS
The net loss for the year amounted to £1,605,000 (2013 - £4,462,000). No ordinary dividend was paid in the current year (2013:£nil).

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

C Buchanan	(resigned 30 May 2014)
I Cochrane	(resigned 29 November 2013)
S Fitzgerald	(resigned 29 November 2013)
AB Mackinnon	(appointed 29 November 2013)
DAR Newman	(resigned 14 October 2013)
P Walker	(resigned 29 November 2013)
TM Wilson	(resigned 29 November 2013)
AJM Welch	(appointed 29 November 2013)

POST BALANCE SHEET EVENTS
On 19 September 2014 the company sold its freehold property.

STATEMENT OF DIRECTORS' RESPONSIBILITY
The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with IFRS, of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are 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, 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 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.

STATEMENT OF DISCLOSURE TO AUDITORS
As far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and each 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

AB Mackinnon
Director
22/12/2014

KENT FACILITIES LIMITED
(FORMERLY INFRATIL 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 2014 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 2014 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
Edinburgh

23 December 2014

KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Revenue	2	-	1,192
Other income	3	270	52
		270	1,244
Depreciation and amortisation	8	(591)	(932)
Impairment charge on tangible assets	8	(411)	(4,095)
Gross loss		(732)	(3,783)
Other operating expenses		(588)	-
Operating loss	4	(1,320)	(3,783)
Finance costs	5	(285)	(726)
Loss on ordinary activities before tax		(1,605)	(4,509)
Taxation	6	-	47
Loss on ordinary activities after tax		(1,605)	(4,462)
Other comprehensive income for the year			
Revaluation of tangible fixed assets		-	(100)
Total comprehensive income for the year		(1,605)	(4,562)

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

KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
FIXED ASSETS			
Property, plant and equipment	8	10,600	11,000
		10,600	11,000
CURRENT ASSETS			
Trade and other receivables	10	47	-
TOTAL CURRENT ASSETS		47	-
TOTAL ASSETS		10,647	11,000
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	683	22,078
		683	22,078
NON CURRENT LIABILITIES			
Other payables	12	2,005	2,275
TOTAL LIABILITIES		2,688	24,353
EQUITY			
Share capital	15	22,917	-
Retained earnings	16	(14,958)	(13,353)
TOTAL EQUITY		7,959	(13,353)
TOTAL EQUITY AND LIABILITIES		10,647	11,000

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

Approved by the Board on 22/12/2014 and signed on its behalf by:

AB Mackinnon
Director
Registered No. SC136162

KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2012	-	100	(8,891)	(8,791)
Total other comprehensive income	-	(100)	-	(100)
Total comprehensive income for the year	-	-	(4,462)	(4,462)
Balance as at 31 March 2013	-	-	(13,353)	(13,353)
Shares issued in the year	22,917	-	-	22,917
Total comprehensive income for the year	-	-	(1,605)	(1,605)
Balance at 31 March 2014	22,917	-	(14,958)	7,959

KENT FACILITIES LIMITED
(FORMERLY INFRATIL KENT FACILITIES LIMITED)

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£'000	£'000
Cash flows from operating activities			
Cash generated from operations	19	887	1,753
Interest paid		(285)	(726)
Tax paid		-	-
Net cash from operating activities		602	1,027
Cash flows from investing activities			
Purchase of fixed assets		(602)	(1,027)
Net cash used in investing activities		(602)	(1,027)
Cash flows from financial activities			
Proceeds from issue of ordinary shares		-	-
Net cash used in financial activities		-	-
Net increase/(decrease) in cash		-	-
Cash at beginning of period		-	-
Cash at end of period		-	-

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 2014. The financial statements are prepared in accordance with the Accounting Policies set out below.

GOING CONCERN

The company has continued to incur losses. Subsequent to the year end the company commenced a process of disposing of its tangible fixed assets and on 19 September sold its freehold property. As a result the company is satisfied that it can meet its obligations as they fall due. The Directors therefore consider it appropriate to prepare the financial statements on the 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:

		Effective for Year beginning on or after
IFRS 9	Financial instruments – classification and measurement	1 January 2015
IAS 32	Amendments to offsetting financial assets and financial liabilities	1 January 2014

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application and have decided not to adopt early.

PROPERTY PLANT AND EQUIPMENT

The company has adopted a policy of revaluation for its tangible fixed assets; 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 5 years with an interim valuation carried out in the third year of each full revaluation. A valuation may be carried out at an earlier date should events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment losses are recognised as other comprehensive income where the asset has already been revalued.

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:

Runway surfaces	10 years
Runway bases	80 years
General Property	20 years
Terminal offices, warehouses and piers	60 years
Property, plant and equipment	20 years
Motor vehicles	4 years

No depreciation is provided on freehold land. Economic lives are reviewed on annual basis, to ensure that they are still relevant and appropriate.

BORROWINGS
Borrowings are recognised initially at fair value, net transaction cost. Borrowings are subsequently stated at amortised costs. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using effective interest method.

BORROWING COST
Borrowing costs are recognised in the income statement in the period in which they are incurred.

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.

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 except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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 profit or loss; and,

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

REVENUE RECOGNITION

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

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company's financial statements for the year ended 31 March 2014 are its first annual financial statements under accounting policies that comply with IFRS. Kent Facilities Limited's transition date to IFRS is 1 April 2012. The company prepared its opening IFRS balance sheet as at that date. There have been no remeasurements required as a consequence of adopting IFRS in the company's income statement and balance sheet and consequently there has been no effect on the company's previously reported net assets or shareholders funds.

2. REVENUE

An analysis of company revenue is as follows:

	2014 £'000	2013 £'000
Rental income	-	1,192
	-	1,192

3. OTHER OPERATING INCOME

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

4. OPERATING LOSS

The operating loss is stated after charging:

	2014 £'000	2013 £'000
Depreciation of tangible assets	591	932
Impairment of fixed assets`	1,215	4,095
Reversal of prèviously impaired fixed assets'	(804)	-
Provision for group debtor balance	588	-

5 FINANCE COSTS

	2014	2013
	£'000	£'000
Intercompany loan interest	285	726
	285	726

6 TAXATION

	2014	2013
	£'000	£'000
Current tax credit on loss for the year	-	-
UK Corporation tax	-	(47)
Tax expense on ordinary activities	-	(47)

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:

	2014	2013
	£'000	£'000
Loss before taxation per financial statements	(1,605)	(4,509)
Profit before taxation multiplied by UK tax corporation tax rate of 23% (2012: 24%)	(369)	(1,082)
Effects of:		
Depreciation in excess of capital allowances	(149)	388
Depreciation/impairment of ineligible assets	43	145
Disallowable expenditure	94	151
Difference in tax rates	-	12
Deferred tax asset not recognised	427	385
Other timing differences	(46)	(69)
Impact of tax rate on land remediation credits claimed	-	23
Tax charge reported in the statement of comprehensive income	-	47

The company has a deferred tax asset, primarily in respect of losses and other timing differences, of £1,931,000 *(2013:* £1,504,000*)* which has not been recognised due to current uncertainty over its recoverability.

7 AUDITORS' REMUNERATION

	2014	2013
	£'000	£'000
Audit of the company's annual accounts	10	6

8 PROPERTY PLANT AND EQUIPMENT

	Land and buildings (including investment property)	Plant and machinery	Computer Equipment	Assets under construction	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At beginning of year	8,075	3,060	-	43	5	11,183
Additions	328	239	35	-	-	602
Transfers	-	43	-	(43)	-	-
Revaluations	(1,403)	635	-	-	45	(723)
At end of year	7,000	3,977	35	-	50	11,062
Depreciation						
At beginning of year	-	(183)	-	-	-	(183)
Charge for year	(188)	(392)	(9)	-	(2)	(591)
Revaluation	188	122	-	-	2	312
At end of year	-	(453)	(9)	-	-	(462)
Net book value						
At 31 March 2014	7,000	3,524	26	-	50	10,600
At 31 March 2013	8,075	2,877	-	43	5	11,000

The valuation of the land and buildings at 31 March 2014 is based on directors valuation.

Included within plant and machinery is a radar installation on which a non-refundable financial contribution was received in relation to the construction of the asset. This contribution is included within accruals and is amortised in line with the depreciation of the relevant asset.

9 HISTORICAL COST INFORMATION

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

	2014	2013
	£'000	£'000
Historical cost of revalued assets	31,120	30,518
Aggregate depreciation thereon	(8,485)	(7,894)
Impairment against historical cost	(12,035)	(11,624)
Historical cost net book value	10,600	11,000

10 TRADE AND OTHER RECEIVABLES

	2014	2013
	£'000	£'000
Amount due from Kent Airport Limited	588	-
Provision re Kent Airport Receivable	(588)	-
Tax recoverable	47	-
	47	-

11 TRADE AND OTHER PAYABLES

	2014	2013
	£'000	£'000
Amounts due to group undertakings	-	20,908
Accruals	413	900
Deferred income	270	270
	683	22,078

12 OTHER PAYABLES

	2014	2013
	£'000	£'000
Deferred Income	2,005	2,275

Deferred income relates to non-refundable financial contribution from a 3rd party relating to the construction of a radar installation and is amortised in line with the depreciation of the relevant asset.

13 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 2014	On demand £'000	< 3 months £'000	3-12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
Other liabilities	-	-	-	-	-	-
Trade and other payables	-	-	143	71	-	214
	-	-	143	71	-	214

14 MEASUREMENT OF FINANCIAL INSTRUMENTS

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

	2014		2013	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Trade and other receivables	47	47	-	-
Financial liabilities				
Payables	2,688	2,688	24,353	24,353

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

15 SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid shares:		
22,916,685 Ordinary shares of £1 each (2013 – 2 Ordinary shares of £1 each)	22,916,685	2

On 14 October 2013 the company issued, at par, 22,916,683 fully paid ordinary shares of £1 to its then parent, Infratil Airports Europe Limited.

16 RESERVES

Retained earnings

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

17 POST BALANCE SHEET EVENTS

Subsequent to year end the company commenced a process of disposing of its tangible fixed assets and on 19 September 2014 the company sold its freehold property.

18 CONTINGENT LIABILITY

The company is currently in a legal dispute with a former tenant. At the date of signing the financial statements, the amount of any possible outflow could not be measured reliably.

18 RELATED PARTY DISCLOSURES

(a) **Transactions and balances arising in the normal course of business**
As at 31 March 2014, the company was due £587,831(2013: £1,677,000) from Kent Airport Limited, which has been fully provided against. The advance 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.

19 CASH GENERATED FROM OPERATIONS

	2014 £'000	2013 £'000
Operating loss	(1,320)	(3,783)
Add back Depreciation	591	932
Add back impairment of fixed assets	411	4,095
Increase in trade and other receivables	(47)	-
Increase in trade and other payables	1,252	509
Cash generated from operations	887	1,753