

**Infratil Kent Airport Limited**

**Directors' report and financial statements**  
**Registered number SC176703**  
**31 March 2007**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

### Principal activity and business review

The principal activity of the company is the operation of Kent International Airport

The company continues to develop Kent International Airport, from a zero base the airport handled 19,322 tonnes of freight during the period

### Financial instruments

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

### Dividend

The directors do not propose the payment of a dividend in respect of the current year (2006 £nil)

### Directors

The directors who held office during the year were as follows

HRL Morrison  
DAR Newman  
P Ridley Smith  
S Fitzgerald  
M Seidenstucker (Resigned 1 March 2007)

### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information

### Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board



S Fitzgerald  
Director

Glasgow Prestwick Airport  
Prestwick  
KA9 2PL

24<sup>th</sup> January 2008

## **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)

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 auditors' report to the members of Infratil Kent Airport Limited**

We have audited the financial statements of Infratil Kent Airport Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*  
KPMG LLP  
Chartered Accountants  
Registered Auditor

30 January 2008

**Profit and loss account**  
*for the year ended 31 March 2007*


	<i>Note</i>	<b>2007</b> <b>£000</b>	2006 £000
<b>Turnover</b>	<i>1</i>	<b>6,564</b>	2,111
Cost of sales		<b>(9,750)</b>	(4,725)
<b>Gross loss</b>		<b>(3,186)</b>	(2,614)
Operating expenses		<b>(1,057)</b>	(667)
Other operating income	<i>2</i>	<b>1,286</b>	
<b>Operating loss</b>		<b>(2,957)</b>	(3,281)
Interest receivable			4
Interest payable and similar charges	<i>5</i>	<b>(1)</b>	(76)
<b>Loss on ordinary activities before taxation</b>	<i>2</i>	<b>(2,958)</b>	(3,353)
Tax on loss on ordinary activities	<i>6</i>	<b>69</b>	470
<b>Loss for the financial year</b>	<i>11</i>	<b>(2,889)</b>	(2,883)

The company had no recognised gains or losses other than the above loss for the financial year

**Balance sheet**  
*at 31 March 2007*

	<i>Note</i>	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
<b>Current assets</b>			
Stocks	7	108	54
Debtors	8	4,489	2,956
Cash at bank and in hand		29	5
		<u>4,626</u>	<u>3,015</u>
<b>Creditors, amounts falling due within one year</b>	9	<b>(10,398)</b>	<b>(5,898)</b>
<b>Net current liabilities</b>		<u><b>(5,772)</b></u>	<u><b>(2,883)</b></u>
<b>Net liabilities</b>		<u><u><b>(5,772)</b></u></u>	<u><u><b>(2,883)</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	10		
Profit and loss account	11	<b>(5,772)</b>	<b>(2,883)</b>
<b>Shareholders' deficit</b>	12	<u><u><b>(5,772)</b></u></u>	<u><u><b>(2,883)</b></u></u>

These financial statements were approved by the board of directors on 24<sup>th</sup> January 2008 and were signed on its behalf by

  
**S Fitzgerald**  
*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

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £5,772,000 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 Infratil Airports Europe Limited, the company's intermediate holding undertaking. Infratil Airports Europe Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to continue in operation and in particular will not seek repayment of the amounts currently made available. 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 this undertaking 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 inappropriate.

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.

#### ***Taxation***

The charge for taxation is based on the loss 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 there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### ***Lease***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

#### ***Pension costs***

The Company operates a defined contribution stakeholder scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

The pension charge represents the amounts payable by the company to these funds in respect of the accounting period.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.



## Notes (continued)

### 2 Loss on ordinary activities before taxation

	2007	2006
	£000	£000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Hire of plant and machinery rentals payable under operating leases	178	143
Auditor's remuneration in relation to the audit of these financial statements	15	9
Insurance proceeds	(1,286)	

### 3 Remuneration of directors

No remuneration was paid to the directors in respect of services provided to the company

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Administrative and managerial	5	8
Operational	79	35
	<u>84</u>	<u>43</u>

The aggregate payroll costs of these persons were as follows

	2007	2006
	£000	£000
Wages and salaries	2,093	1,493
Social security costs	215	144
Other pension costs	113	71
	<u>2,421</u>	<u>1,708</u>

### 5 Interest payable and similar charges

	2007	2006
	£000	£000
Interest payable on intercompany loans	<u>1</u>	<u>76</u>

## Notes (continued)

### 6 Taxation

	2007	2006
	£000	£000
<i>(a) Analysis of taxation charge</i>		
<i>UK corporation tax</i>		
Current tax on income for the year (group relief receivable)	<u>69</u>	<u>470</u>

#### *(b) Factors affecting the tax charge*

	2007	2006
	£000	£000
Loss on ordinary activities before tax	<u>(2,958)</u>	<u>(3,353)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(887)	(1,006)
Effects of		
Unrecognised tax losses carried forward	1,220	536
Non taxable element of insurance proceeds	(385)	
Other items	(17)	
Total corporation tax credit	<u>(69)</u>	<u>(470)</u>

The company has a deferred tax asset of £1,763,000 (2006 £536,000) which has not been recognised due to uncertainty over its recoverability

### 7 Stocks

	2007	2006
	£000	£000
Consumable stock	<u>108</u>	<u>54</u>

### 8 Debtors

	2007	2006
	£000	£000
Trade debtors	888	635
Amounts owed by group undertakings	2,467	2,143
Prepayments and accrued income	<u>1,134</u>	<u>178</u>
	<u>4,489</u>	<u>2,956</u>

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	237	124
Amounts owed to group undertakings	7,714	3,136
Accruals and deferred income	2,447	2,638
	<u>10,398</u>	<u>5,898</u>

### 10 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, issued and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 11 Profit and loss account

	2007 £000
Balance at beginning of year	(2,883)
Loss for the financial year	<u>(2,889)</u>
Balance at end of year	<u>(5,772)</u>

## Notes (continued)

### 12 Reconciliation of movement in shareholders' deficit

	2007 £000	2006 £000
Loss for the year	(2,889)	(2,883)
Opening shareholders' deficit	(2,883)	
Closing shareholders' deficit	<u>(5,772)</u>	<u>(2,883)</u>

### 13 Guarantees and other financial commitments

Annual commitments under non cancellable operating leases are as follows

	2007 £000	2006 £000
Operating leases which expire		
Within one year	60	158
In the second to fifth year inclusive	301	390
	<u>361</u>	<u>548</u>

### 14 Pensions

The pension scheme operated by the company is a defined contribution scheme. The pension cost charge for the year represents contributions payable to the scheme and amounted to £113,000 (2006 £71,000). There are outstanding contributions at the end of the year of £13,000 (2006 £15,000).

### 15 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 16.

Charges to profit and loss in the period amounting to £181,000 (2006 £100,000) have been made for services provided by Morrison & Co Infrastructure Management Ltd, the management company of Infratil Limited.

### 16 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 Ltd. 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, 97 The Terrace, PO Box 320, Wellington, New Zealand or from the group's website [www.infratil.com](http://www.infratil.com).