

Registered No. SC176703

**KENT AIRPORT LIMITED (FORMERLY
INFRATIL KENT AIRPORT LIMITED)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



**KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT 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 AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

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KENT AIRPORT LIMITED (FORMERLY INFRATIL KENT AIRPORT LIMITED)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their strategic report for the year ended 31 March 2014.

Fair review of the business

The company's key financial performance indicators during the year were as follows:

	31/3/14 £'000
Revenue	8,899
Total Comprehensive Income	(5,404)
Net Liabilities	(2,509)

Principal risks and uncertainties

The company faces a range of risks and uncertainties which could materially affect its financial performance. The board is ultimately responsible for risk management. The principal risk and uncertainties facing the company are primarily in relation to external factors.

Further information regarding the company's financial risk management objectives and policies are provided in note 13 to the financial statements.

Future developments

Subsequent to closure of Manston, Kent International Airport, the company has wound down its operations and at the date of this report, there are no plans to recommence trading.

ON BEHALF OF THE BOARD



AB Mackinnon

Director

22/12/2014

KENT AIRPORT LIMITED **(FORMERLY INFRATIL KENT AIRPORT 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 Airport Limited to Kent Airport Limited.

PRINCIPAL ACTIVITIES AND REVIEW

The principal activity of Kent Airport Limited, registered company number SC176703, ("the company"), is the operation of Manston, Kent's International Airport, which is owned by a fellow subsidiary undertaking, Kent Facilities Limited.

Having been unable to identify a scenario which might enable the airport to trade profitably, in March 2014 the company announced that it was entering consultation with staff, over the possible closure of the airport.

RESULTS AND DIVIDENDS

The net loss for the year amounted to £5,404,000 (2013 - £3,622,000). 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 31 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

The company officially closed the Airport on 15 May 2014, with trade ceasing on this date.

KENT AIRPORT LIMITED **(FORMERLY INFRATIL KENT AIRPORT LIMITED)**

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

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 have concluded that the going concern basis is no longer appropriate.

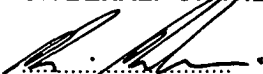
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 AIRPORT LIMITED (FORMERLY INFRATIL KENT AIRPORT LIMITED)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KENT AIRPORT LIMITED

We have audited the financial statements of Kent Airport Limited for the year ended 31 March 2014 set out on pages 6 to 20. 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 Strategic Report, 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 case 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. These disclosures detail that the financial statements have not been prepared on a going concern basis.

**KENT AIRPORT LIMITED
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INDEPENDENT AUDITORS' REPORT (continued)

TO THE MEMBERS OF KENT AIRPORT LIMITED

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 AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT 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	8,899	7,024
Cost of sales		(11,977)	(9,991)
Gross loss		(3,078)	(2,967)
Other operating expenses		(963)	(650)
Operating loss	4	(4,041)	(3,617)
Restructuring costs	15	(1,345)	-
Finance costs	5	(18)	(5)
Loss on ordinary activities before tax		(5,404)	(3,622)
Taxation	6	-	-
Loss on ordinary activities after tax		(5,404)	(3,622)
Total comprehensive income for the year		(5,404)	(3,622)

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

KENT AIRPORT LIMITED
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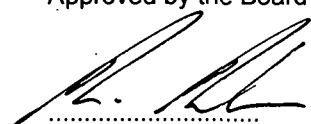
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
ASSETS			
CURRENT ASSETS			
Inventory	8	84	149
Trade receivables	9	1,212	827
Cash and cash equivalents		1,394	25
TOTAL CURRENT ASSETS		2,690	1,001
TOTAL ASSETS		2,690	1,001
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	3,709	30,384
		3,709	30,384
NON CURRENT LIABILITIES			
Loans and other borrowings	11	145	-
Provisions for liabilities and charges	15	1,345	-
TOTAL LIABILITIES		5,199	30,384
EQUITY			
Share capital	16	32,278	-
Retained earnings		(34,787)	(29,383)
TOTAL EQUITY		(2,509)	(29,383)
TOTAL EQUITY AND LIABILITIES		2,690	1,001

The notes on pages 10 to 20 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. SC176703

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2012	-	(25,761)	(25,761)
Total comprehensive income for the year	-	(3,622)	(3,622)
Balance as at 31 March 2013	-	(29,383)	(29,383)
 Shares issued in the year	32,278	-	32,278
Total comprehensive income for the year	-	(5,404)	(5,404)
Balance at 31 March 2014	32,278	(34,787)	(2,509)

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
Cash flows from operating activities			
Cash generated from operations	21	1,387	28
Interest paid		(18)	(5)
Interest received		-	-
Net cash from operating activities		<u>1,369</u>	<u>23</u>
Cash flows from investing activities			
Purchase of investments		-	-
Proceeds from disposal of investments		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financial activities			
Proceeds from issue of ordinary shares		-	-
Movement in long term liabilities		-	-
Ordinary dividends paid		-	-
Proceeds from issue of preference shares		-	-
Net cash generated from financial activities		<u>-</u>	<u>-</u>
Net increase in cash		1,369	23
Cash at beginning of year		<u>25</u>	<u>2</u>
Cash at end of year		<u>1,394</u>	<u>25</u>

KENT AIRPORT LIMITED **(FORMERLY INFRATIL KENT AIRPORT LIMITED)**

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2014

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 ceased to trade as an airport effective 15 May 2014. The directors have therefore prepared the financial statements on a break up basis. Adjustments have been made in the financial statements in relation to provisions for closure costs.

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term deposits with a maturity date of three months or less.

For the purpose of cash flows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts.

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 the reporting date and a specific provision is made for any doubtful debts.

KENT AIRPORT LIMITED

(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

INVENTORIES

Aerofuel inventories are stated at the lower cost and net realisable value. Non-aerofuel inventories are stated at cost less provision for impairment.

OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

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 profit or loss, and;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and 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 differences 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.

KENT AIRPORT LIMITED

(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

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 the provision of goods and services to customers. Income is recognised in the period that goods and services are rendered.

PENSION COSTS: DEFINED CONTRIBUTIONS PLAN

Under a defined contribution plan, the entity pays fixed contributions into a fund but has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay all of the employees' entitlements to post-employment benefits. The entity's obligation is therefore effectively limited to the amount it agrees to contribute to the fund and effectively place actuarial and investment risk on the employee.

Pension costs represent the amounts payable by the company to these funds in respect of the accounting period.

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 Airport 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.

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

2. REVENUE

An analysis of company revenue is as follows:

	2014	2013
	£'000	£'000
Aviation fuel	6,275	4,980
Rental Income	110	155
Freight income	1,550	1,135
Other income	964	754
	<u>8,899</u>	<u>7,024</u>

Other income includes car parking fees, charter flights fees, training fees, tax and duty free sales.

3. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Wages and salaries	3,261	2,494
Social security costs	298	251
Other pension costs	64	69
	<u>3,623</u>	<u>2,814</u>

The average number of employees during the period was as follows:

Administrative and managerial staff	8	5
Operating staff	134	95
	<u>142</u>	<u>100</u>

4. OPERATING LOSS

The operating profit is stated after charging:

	2014	2013
	£'000	£'000
Rentals payable under operating leases	36	100

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

5 FINANCE COSTS

	2014	2013
	£'000	£'000
Interest payable on group loans	18	5
	<u>18</u>	<u>5</u>

6 TAXATION

	2014	2013
	£'000	£'000
Current tax credit on loss for the year	-	-
UK Corporation tax	-	-
	<u>-</u>	<u>-</u>
Tax expense on ordinary activities	<u>-</u>	<u>-</u>

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	(5,404)	(3,622)
	<u>(5,404)</u>	<u>(3,622)</u>
Profit before taxation multiplied by UK tax corporation tax rate of 23% (2013:24%)	(1,243)	(869)
Effects of:		
Unrecognised tax losses carried forward	1,235	1,083
Disallowable expenditure	10	(250)
Other tax adjustments	(2)	36
	<u>-</u>	<u>-</u>
Tax charge reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

The company has a deferred tax asset of £5,846,000 (2013: £5,445,000) which has not been recognised due to uncertainty around recoverability.

KENT AIRPORT LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

7 AUDITORS' REMUNERATION

	2014	2013
	£'000	£'000
Audit of the company's annual accounts	15	20

8 INVENTORY

	2014	2013
	£'000	£'000
Consumables & fuel	84	149
	84	149

9 TRADE AND OTHER RECEIVABLES

	2014	2013
	£'000	£'000
Trade receivables	904	550
Prepayments and accrued income	114	277
VAT recoverable	176	-
Amounts due from parent entity	18	-
	1,212	827

Movement in provision for impairment of receivables

	Individually impaired £'000	Collectively impaired £'000	Total £'000
As at 1 April 2013	-	-	-
Charge for the year	244	-	244
As at 31 March 2014	244	-	244

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

9 TRADE AND OTHER RECEIVABLES (continued)

	As at 31 March 2014 £'000
Ageing analysis of trade receivables	
Neither past due nor impaired	247
< 30 days past but not impaired	151
30 - 60 days past but not impaired	284
61 - 90 days past but not impaired	52
>90 days past but not impaired	170
Total	<u>904</u>

Customer credit risk is managed through monthly management review of aged debts and balances are assessed as *impaired* during this process. Credit checks are not performed on customers, however advance payment is taken until sufficient assurance has been obtained on the customer's ability to adhere to credit terms.

10 TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Trade creditors	663	24
Other taxes and social security	75	-
Accruals	186	707
Other creditors	17	-
Amounts due to parent company	2,180	29,653
Amounts due to other group companies	588	-
	<u>3,709</u>	<u>30,384</u>

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

11 LOANS AND OTHER BORROWINGS

Non-current

	2014	2013
	£'000	£'000
Amounts due to parent undertakings	145	-

12 INTEREST BEARING LOANS AND BORROWINGS

	Interest Rate	Maturity	2014	2013
	%		£'000	£'000
Current				
Loan notes	3% pa	June 14/Sept 14	2,180	-
Non-current				
Loan notes	3% pa	N/A	145	-

13 FINANCIAL RISK MANAGEMENT

Liquidity risk

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

At 31 March 2014	On demand	< 3 months	3-12 months	1 to 5 years	> 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Other liabilities	570	1,421	2,420	198	90	4,699
Trade and other payables	663	-	-	-	-	663
	1,233	1,421	2,420	198	90	5,362

Credit risk

The company is subject to credit risk on its cash and deposits. The company's cash and deposits are held within an AA3 rated counterparty.

Market risk

The main market risk that the company is exposed to is interest rate risk. An increase in 100 basis points, based on the closing balance sheet position, over a 12 month period, would lead to an approximate decrease in comprehensive income of £14,000.

KENT AIRPORT LIMITED
(FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

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	1,194	1,194	827	827
Financial liabilities				
Loan notes	2,325	2,325	-	-
Payables	-	-	29,677	29,677

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

15 Provision for liabilities

	Restructuring provision £'000
As at 1 April 2013	-
Arising during period	1,345
Utilised	-
As at 31 March 2014	1,345

The provision relates to closure costs of the airport. Consultation with the employees of Kent Airport Limited over the possible closure of the airport commenced during March 2014. The restructuring is expected to be completed during 2014/2015.

16 SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid shares:		
Ordinary shares of £1 each	32,278,150	2
	32,278,150	2

On 14 October 2013 and 29 November 2013, respectively, the company issued 31,353,275 and 924,873 fully paid ordinary shares of £1 to its then parent, Infratil Airports Europe Limited, at par, with the consideration being provided from the capitalisation of intra-group loans.

On 29 November 2013, the entire issued share capital of the company was acquired by Manston Skyport Limited, a company registered in Scotland for a nominal sum.

KENT AIRPORT LIMITED (FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

17 RESERVES

Retained earnings

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

18 COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2014 £'000	2013 £'000
Operating leases which expire:		
Within one year	36	-
Within two-five year period	-	36
	<u>36</u>	<u>36</u>

19 POST BALANCE SHEET EVENTS

Manston airport was closed on 15 May 2014, with the company ceasing to trade on that day.

20 RELATED PARTY DISCLOSURES

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

As at 31 March 2014, the company owed Kent Facilities Limited, a company which is also owned by Manston Skyport Limited, £587,830 (2013: £Nil). The balance relates to a loan advanced in the year, which is interest free, unsecured and repayable on demand.

During the year, £2,325,000 loan notes were issued to Manston Skyport Limited, the immediate parent company. The loan notes carry a fixed rate of interest of 3% per annum and have a redemption dates as outlined in note 12. In addition, the company is due £18,241 from Manston Skyport Limited for payments made on its behalf.

(b) Remuneration of key management personnel and directors

During the year £127,000 (2013: £Nil) was paid in relation to directors remuneration. The highest paid director received remuneration of £123,580 (2013: £Nil) during the current year.

During the year, fees of £46,139 (2013: £nil) were paid to Augusta Management Services Limited, a company of which AB Mackinnon is a director.

Astral Aviation Limited, a company of which AJM Welch is a director, was paid fees of £69,000 (2013: £nil) by Manston Skyport Limited.

(c) Immediate parent company

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

KENT AIRPORT LIMITED (FORMERLY INFRATIL KENT AIRPORT LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

(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.

21 CASH GENERATED FROM OPERATIONS

	2014	2013
	£'000	£'000
Operating loss	(4,041)	(3,617)
(Increase)/Decrease in trade and other receivables	(385)	1,805
Increase in trade and other payables	5,748	1,724
Decrease in inventories	65	116
	<hr/>	<hr/>
	1,387	28
	<hr/>	<hr/>

22 FINANCIAL RISK MANAGEMENT

The company is subject to credit risk on its loans, receivables, cash and deposits. The company's cash and deposits are held with an AA rated counterparty.