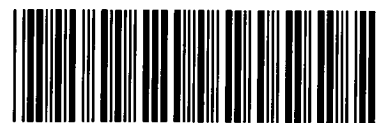


Aberdeen International Airport Limited
Annual report and financial statements
for the year ended 31 December 2014

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Aberdeen International Airport Limited

Contents

Officers and professional advisers	1
Strategic Report	
Management review	2
Financial review	4
Internal controls and risk management	6
Directors' report	9
Directors' responsibilities statement	11
Independent auditor's report	12
Financial statements	
Profit and loss account	13
Statement of total recognised gains and losses	14
Reconciliation of movements in shareholder's funds	14
Balance sheet	15
Accounting policies	16
Significant accounting judgements and estimates	22
Notes to the financial statements	23

Aberdeen International Airport Limited

Officers and professional advisers

Directors

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Carol Benzie
Ignacio Aitor Garcia Bilbao
John Bruen
Fidel Lopez Soria

Registered office

Aberdeen International Airport
Dyce
Aberdeen
Scotland
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Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
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Glasgow
G2 1QQ

Bankers

The Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

Aberdeen International Airport Limited

Strategic report continued

The Company is the owner and operator of Aberdeen International Airport and until 17 December 2014 formed part of the Heathrow Airport Holdings Limited group (the 'Heathrow Airport Holdings Group'). On 18 December 2014, the Company's parent undertaking Airport Holdings NDH1 Limited was acquired by AGS Airports Limited.

This strategic report is presented under three sections:

Management review – overview of the year ended 31 December 2014, along with the key factors likely to impact the Company in 2015.

Financial review – presentation and explanation of the key drivers behind the financial performance reported for the year ended 31 December 2014 and analysis of the financial position of the Company as at that date. The Company's accounting and reporting policies and procedures are also considered.

Internal controls and risk management – outline of the Company's internal controls, approach to risk management, sources of assurance and highlights of the key business risks identified by the Group Executive Committee.

Management Review

Review of business and future developments

Key events occurring during the year and developments since the beginning of 2015 are detailed below.

Passenger traffic trends

Passenger traffic for the year ended 31 December 2014 is analysed below:

	Year ended 31 December 2014	Year ended 31 December 2013	Change ¹ %
Passengers by market served (millions)			
UK	2.7	2.5	8.0
Europe	1.1	1.0	10.0
Total passengers	3.8	3.5	8.6

¹ These figures have been calculated using un-rounded passenger numbers.

In the year ended 31 December 2014, passenger traffic increased 8.6% to 3.8m (2013: 3.5m). The performance reflects 8.0% growth (equivalent to 0.2m passengers) in domestic traffic and 10.0% growth (0.1m passengers) in European traffic.

Domestic traffic benefitted from increased London traffic including a full year of operation for the Virgin Little Red flights to Heathrow, and also by an increase in fixed wing oil & gas related charters. International growth was driven by strong performance on European hub routes, new Air Baltic route to Riga and new leisure routes. The increase in helicopter traffic increase was as a result of 2013 being negatively impacted by the North Sea helicopter incident in August of that year, traffic has since returned to levels experienced prior to the incident.

Investment in airport facilities

For the year ended 31 December 2014, Aberdeen airport capitalised £6,781,000 (2013: £4,363,000) of costs. Major projects included the new Vestibule, Inner Forecourt paving, new Goods Inwards building, Taxiway re-surfacing and new Check-in desks. Preliminary work took place on the terminal redevelopment project.

Plans for a major terminal expansion and redevelopment are progressing. Enabling works have been completed and detailed design works are expected to commence shortly. The terminal expansion and redevelopment project when completed will include a larger lounge area, more retail opportunities, new baggage reclaim belts for both domestic and international passengers, and a state-of-the-art new security search area.

Service standards

The Company continues to focus on delivering consistently high service standards across its airport, a key strategic priority. It also expects improving service standards to play a key part in driving cost efficiency.

Aberdeen International Airport Limited

Strategic report continued

Management review continued

Service standards continued

Punctuality levels (as measured by the proportion of aircraft departing within 15 minutes of schedule) increased to 88.8% (2013: 87%).

Aberdeen Airport participates in the Airport Council International's Airport Service Quality benchmarking survey which includes over 90 European airports and hundreds worldwide. Aberdeen airport saw its average overall passenger satisfaction scores in the quarterly Airport Service Quality ('ASQ') survey decrease to 3.69 out of 5 (2013: 3.76). This was caused partly by an ageing asset base, but largely due to the pressure of increased passenger numbers on capacity constraints. While facilities scored less well, scores relating to staff courtesy and helpfulness remained high. The terminal redevelopment project will address most of the short comings identified on the ASQ scores.

Aberdeen Airport won the AOA award for Best Airport in the category for airports with up to 6 million passengers.

Developments since beginning of 2015

During the first quarter of 2015 traffic was down 0.8% against the prior year due to reduced capacity on a number of European routes largely offset by additional domestic and helicopter passenger numbers.

Outlook

The Company's passenger traffic is forecast to remain broadly in line with 2014 levels. Anticipated reductions in passenger levels, as a consequence of declining oil and gas sector demand following the decrease in oil price, will be offset by increased passengers from new scheduled Non-EU routes and holiday charters.

Going concern

The Company finances its activities through funds generated from operations and has access to inter group funding from its parent companies.

The Company's trading and cash flow projections identify that the business will be cash generative through the period ended 30 June 2016. The bank borrowings of the AGS Airports Holdings Limited group are secured over the assets. The directors having considered and made appropriate enquiries of management as to the assumptions underlying the projections have a reasonable expectation that the company and Group will continue in operational existence for the foreseeable future. Accordingly the going concern basis continues to be adopted in the preparation of the financial statements.

Aberdeen International Airport Limited

Strategic report continued

Financial Review

Introduction

The following financial review provides commentary on the performance of the Company during the year ended 31 December 2014.

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Turnover	64,531	62,109
Adjusted operating costs ¹	(39,859)	(37,031)
EBITDA - before exceptional items²	24,762	25,078
Exceptional items	(3,013)	(3,282)
EBITDA	21,659	21,796
Depreciation and loss on disposal of investment properties	(6,377)	(5,050)
Operating profit	15,282	16,746
Net interest receivable and similar income	1,391	857
Profit on ordinary activities before taxation	16,673	17,603
Tax charge on profit on ordinary activities	(5,528)	(5,250)
Profit on ordinary activities after taxation	11,145	12,353

¹ Adjusted operating costs are stated before depreciation and exceptional items.

² Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.

Turnover

Turnover for the year ended 31 December 2014 increased 3.9% to £64,531,000 (2013: £62,109,000).

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000	Change %
Aeronautical income	35,845	34,695	3.3
Retail income	13,155	12,885	2.1
Other income ¹	15,531	14,529	6.9
Total turnover	64,531	62,109	3.9

¹ Other income includes operational facilities and utilities income, property rental income, check in/baggage rents and training course income.

Aeronautical income

Aeronautical income increased 3.3% to £35,845,000 (2013: £34,695,000).

This was driven by an 8.6% increase in passenger volumes and a 4.3% decrease in income per passenger.

Average income per passenger in 2014 was £9.52 (2013: £9.95). The average income per passenger reduction is as a result of lower income for the provision of air navigation services, which yielded £1.6m less income in 2014, compared to 2013.

Aeronautical income per passenger¹			
Year ended 31 December 2014 £	Year ended 31 December 2013 £	Change %	
9.52	9.95	(4.3)	

¹ Figures calculated using un-rounded numbers.

Retail income

Gross retail income (including car parking) increased 2.1% to £13,155,000 (2013: £12,885,000) and Net Retail Income ("NRI") per passenger decreased 6.7% to £3.74 (2013: £4.01). This decrease in NRI was driven by reduction in World Duty Free sales due to proportionally lower level of international non EU passengers, which have the highest spend profile. Bookshop income was also reduced year on year: performance being affected by the technology impact on the market for tablet devices and digital newspapers. Advertising was down versus last year due to lost sites and advertisers as a result of the Vestibule re-development capital project.

Aberdeen International Airport Limited

Strategic report continued

Financial Review continued

Retail income continued

Net retail income ("NRI") per passenger^{1,2}		
Year ended	Year ended	
31 December 2014	31 December 2013	
£	£	Change %
3.74	4.01	(6.7)

¹ Figures calculated using un-rounded numbers.

² Excludes helicopter passengers of 0.6 million at Aberdeen airport that have no direct access to retail facilities.

Other income

Other income increased 6.9% to £15,531,000 (2013: £14,529,000). The result was due to improved property and facilities income and increased volume of training courses run by the Fire Training Group.

Adjusted operating costs – ordinary

Adjusted operating costs exclude depreciation and exceptional items to provide a more meaningful comparison of the Group's recurring expenditure year on year.

	Year ended	Year ended	
	31 December 2014	31 December 2013	
	£000	£000	Change %
Employment costs ¹	15,345	14,265	7.6
Maintenance expenditure	4,490	4,550	(1.3)
Utility costs	2,375	2,190	8.4
Rents and rates	2,238	2,444	(8.4)
General expenses	14,238	12,631	12.7
Retail expenditure	1,210	974	24.2
Disposal on fixed assets	(37)	(23)	60.9
Total adjusted operating costs	39,859	37,031	7.6

¹ Employment costs include recharges from Heathrow Airport Limited for employee services to the Company. Refer to the SSA in the Accounting policies.

In the year ended 31 December 2014, ordinary operating costs increased 7.6% to £39,859,000 (2013: £37,031,000). The main movements include a 7.6% increase in employment costs to £15,345,000 (2013: £14,265,000) and a 12.7% increase in general expenses to £14,238,000 (2013: £12,631,000).

Employment costs increased both from an inflationary linked increase to wages and from an increased head count.

General expenses increased due to higher air navigation charges of £1,891,060, which was a consequence of: prior year adjustment reducing 2013 base costs as well as higher landed tonnage in 2014 increasing the growth incentive year on year.

Exceptional items

This item relates to a non-cash pension charge of £3,013,000 (2013: £3,282,000). The charge arose from the Company's share of the movement in the LHR Airports Limited defined benefit pension scheme, Unfunded Unapproved Retirement Benefit Scheme (UURBS) and Post-Retirement Medical Benefits pension (PRM) related liabilities.

Net interest receivable and similar income

Net interest receivable has increased 62.0% to £1,391,000 (2013: £857,000). This is mainly due to increased interest receivable from group undertakings arising from cash sweeps transferred to the immediate parent.

Taxation

The tax charge recognised for the year was £5,528,000 (2013: £5,250,000). Based on a profit before tax for the year of £16,673,000 (2013: £17,603,000), this results in an effective tax rate of 33.2% (2013: 29.8% effective tax rate).

The Finance Act 2013 enacted reductions in the main rate of UK corporation tax from 23.0% to 21.0% from 1 April 2014 and from 21% to 20% from 1 April 2015. The deferred tax liability as at 31 December 2014 was £854,000 (2013: £135,000).

Dividend

No dividend was paid or declared in the year ended 31 December 2014 (2013: £nil).

Aberdeen International Airport Limited

Strategic report continued

Internal controls and risk management

Prior to 18 December 2014

Internal control and risk management were centrally managed at the Heathrow Airport Holdings Limited level ('the Heathrow Airport Holdings Group'). The Executive Committee, Board and Audit Committee ('AC') and Heathrow Finance Committee referred to below relate to the Executive Committee, Board, AC and Heathrow Finance Committee of Heathrow Airport Holdings Limited.

Post 18 December 2014

Subsequent to the acquisition of the group by AGS Airports Limited, Internal control and risk management became the responsibility of the AGS Airports Holdings Limited Group. The Executive Committee, Board and Audit and Risk Committee ('ARC') referred to below relate to the Executive Committee, Board and ARC of AGS Airport Holdings Limited.

Internal controls

The directors are responsible for the system of internal controls designed to mitigate the risks faced by the Company and for reviewing the effectiveness of the system. This is implemented by applying the Group internal control procedures, supported by a Code of Professional Conduct Policy, appropriate segregation of duties controls, organisational design and documented procedures. These internal controls and processes are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatements or loss.

The key features of the Company's internal control and risk management systems in relation to the financial reporting process include:

- a company-wide comprehensive system of financial reporting and financial planning and analysis;
- documented procedures and policies;
- defined and documented levels of delegated financial authority;
- an organisational structure with clearly defined and delegated authority thresholds and segregation of duties;
- a formal risk management process that includes the identification of financial risks;
- detailed reviews by the Executive Committee and the Board of monthly management accounts measuring actual performance against both budgets and forecasts on key metrics;
- The ARC review of financial results press releases and key interim and annual financial statements, before submission to the Board, scrutinising amongst other items:
 - compliance with accounting, legal, regulatory and lending requirements
 - critical accounting policies and the going concern assumption
 - significant areas of judgement;
- independent review of controls by the Internal Audit function, reporting to the AC (up to 18 December 2014); and
- a confidential whistleblowing process.

In addition, the ARC:

- considers the appointment of the external auditor, making appropriate recommendations to the Board, and assesses the independence of the external auditor;
- ensures that the provision of non-audit services does not impair the external auditor's independence or objectivity;
- discusses with the external auditor, before the audit commences, the nature and the scope of the audit and reviews the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- reviews external auditor management letters and responses from management;
- has a standing agenda to meet privately with the external auditor independent of the executive directors; and
- reviewed the scope, operations and reports of the Company's Internal Audit function on the effectiveness of systems for internal financial control, financial reporting and risk management up to 18 December 2014. The new group ARC is considering the need for and resourcing of an Internal Audit function.

Principal Risks and Uncertainties and Risk Management

The Company's risk management process is used to facilitate the identification, evaluation and effective management of the threats to the achievement of the Company's purpose, vision, objectives, goals and strategies. The vision of risk management is to embed the awareness of risk at all levels of the organisation, in such a way that day-to-day activities are managed effectively and all significant business decisions are risk-informed.

The risk management process is evidenced in risk registers which are used as the basis for regular review of risks and their management, up to Executive Committee level. The risk registers are also used to inform decisions relating to the procurement of insurance cover. The risk management process also supports clear accountabilities, processes and reporting formats that deliver efficient and effective management assurance to the Board to ensure statutory compliance whilst supporting business units to successfully manage their operations.

Aberdeen International Airport Limited

Strategic report continued

Internal controls and risk management continued

Principal risks and uncertainties and risk management continued

The operation of the risk management process and the individual risk registers are subject to periodic review by the Audit and Risk Committee, whose primary responsibility is to provide independent assurance to the Board that the controls put in place by management to mitigate risks are working effectively.

Assurance is provided through the management reporting processes and reports to the ARC.

The principal corporate and reputational risks as identified by the Executive Committee are:

Safety risks

Health and safety is a core value of the business and the Company actively promotes the role of safety leadership in creating a safety culture that is intolerant of accidents and incidents.

The Company's Safety Management System includes risk assessment processes for all activities entailing significant risk and proportionate control measures employed to safeguard everyone impacted by the Company's business. The Company also operates robust asset management processes to ensure property and equipment remain safe. Governance, led by the Managing Responsibly Governance Group, and assurance processes are used to ensure the aforementioned remain effective and to encourage continuous improvement.

Security risks

Security risks are regarded as critical risks to manage throughout the Heathrow Airport Holdings Group. The Company mitigates these risks by adopting and enforcing rigorous policies and procedures supported by professional training and by investment in leading-edge security technology. The Company works closely with government agencies, including the police and Border Force, building a framework to establish joint accountabilities for airport security and shared ownership of risk, thus ensuring security measures remain both flexible and proportionate to the prevailing threat environment.

Regulatory environment, legal and other reputational risks

Civil Aviation Authority ('CAA') regulation

The Company's operations are currently subject to regulation by the CAA. The CAA is concerned with air safety, airspace regulation, consumer protection and environmental research and consultancy. The CAA also advises the government on aviation issues and ensures that consumer interests are represented. Consequently the Company is exposed to the risk of changes in day to day operations resulting from regulatory guidelines issued by the CAA and mitigates this as far as possible. The airport is represented by dedicated AGS Airports Group staff that ensure full compliance with regulatory requirements, establish a sound relationship with the regulator and advise the Executive Committee and Board on regulatory matters.

Competition rules

The penalties for failing to comply with the 1998 Competition Act and relevant EU law are recognised as risks to manage within the Company, given its position in certain markets. Clear policy direction, which includes compulsory awareness training and close support from the internal legal department, reduces the risk of the Company breaching these regulations.

Environmental risks

Environmental risk is managed throughout the AGS Airports Group as it has the potential to impact negatively upon the AGS Airports Group's reputation and jeopardise the airports licences to operate and to grow. The Company has a dedicated Environmental resource whose remit covers noise, waste, air and water quality, and carbon emissions. This role ensures that Aberdeen airport's operations comply with legislative obligations and company standards. In addition, the Company has a defined Carbon Dioxide (CO₂) strategy which takes Aberdeen airport up until 2020 and links in with the Scottish Government's published policy. Strategies are being put in place to ensure full compliance with the Climate Change Act 2009. An independently audited corporate social responsibility report is published annually covering all areas of environmental performance

Commercial and financial risks

Operational disruption

There are a number of circumstances that can pose short-term risks to the normal operations of Aberdeen airport such as shocks to the macroeconomic environment, terrorism, wars, airline bankruptcies, human health scares, weather conditions and natural disasters whose cause may be remote from the location of the airport. Where possible the Company seeks to anticipate the effects of these events on its operations and also maintains contingency plans to minimise disruption wherever possible.

Aberdeen International Airport Limited

Strategic report continued

Internal controls and risk management continued

Principal risks and uncertainties and risk management continued

Changes in demand

The risk of unanticipated long-term changes in passenger demand for air travel could lead to a shortfall in revenue and misaligned operational capacity within the Company. Since it is not possible to identify the timing or period of such an effect, the Company carries out evaluations through a series of scenario planning exercises.

Industrial relations

The risk of industrial action by key staff that affects critical services, curtails operations and has an adverse financial and reputational impact on the Company is recognised. The Company has a range of formal national and local consultative bodies to discuss pay, employment conditions and business issues with the Trade Unions. The Company has not yet reached a pay agreement for the 2015 period. Therefore the Company could be exposed to industrial action. The Company could also be exposed in the short-term to the effect of industrial action involving other key stakeholders in the aviation sector such as airlines, air traffic controllers, baggage handlers and Border Force.

Treasury

The Company's financial risk management objectives are aligned with its immediate parent company, Airport Holdings NDH1 Limited group (the 'NDH1 Group'), which is the parent undertaking of the smallest group to consolidate these financial statements. AGS Airports Limited (the 'AGS Group'), is the entity where external funds are borrowed and lent on to the Company and the level at which financial risks for the Company are managed. The company's treasury policies are in compliance with the wider AGS Group and are set out below.

The Board approves prudent treasury policies and delegates certain responsibilities including changes to treasury policies, the approval of funding and the implementation of funding and risk strategy to the AGS Group Finance Team. Senior management directly control day-to-day treasury operations on a centralised basis.

The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury related financial risks inherent in the AGS Airports Group's business operations and funding. To achieve this, the AGS Airports Group enters into interest rate swaps, to protect against interest rate risks.

The primary treasury related financial risks faced by the AGS Airports Group are:

(a) Interest rates

The AGS Airports Group maintains a mix of fixed and floating rate debt. The risk is managed through use of interest rate hedging instruments.

(b) Funding and liquidity

The AGS Group is financed through bank facilities totalling £617 million. The AGS Airports Group is cash positive after capital expenditure and interest on external debt. As at 31 December 2014, cash and cash equivalents were £38 million and undrawn headroom under bank credit facilities was £145 million.


Covenants are standardised wherever possible and are monitored on an on-going basis with formal testing reported to the ARC, the Board and Executive Committee.

(c) Counterparty credit

The AGS Group's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument.

The AGS Airports Group maintains a prudent split of cash and cash equivalents across market counterparties in order to mitigate counterparty credit risk. Board approved investment policies and relevant debt facility agreements provide counterparty investment limits, based on short-term and long-term credit ratings. Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with short-term credit ratings lower than A-2/F1. The AGS Group monitors the credit rating of derivative counterparties on a daily basis and ensures no positions are entered into with counterparties with a long-term credit rating below BBB (S&P)/A (Fitch).

On behalf of the Board



Carol Benzie
Director

Company registration number: SC096622

Aberdeen International Airport Limited

Directors' report

The Directors present their Annual report and the audited financial statements for Aberdeen International Airport Limited for the year ended 31 December 2014.

Principal activities

The Company is the owner and operator of Aberdeen International Airport Limited and until 17 December 2014 formed part of the Heathrow Airport Holdings Limited group (the 'Heathrow Airport Holdings Group'). On 18 December, the company's parent undertaking Airport Holdings NDH1 Limited was acquired by AGS Airports Limited. Airport Holdings NDH1 Limited (the 'group'), is the parent undertaking of the smallest group to consolidate these financial statements.

Results and dividends

The profit after taxation for the financial year amounted to £11,145,000 (2013: £12,353,000). No dividends were proposed or paid during the year (2013: £nil). The statutory results for the year are set out on page 13.

Directors

The Directors who served during the year and since year end, except as noted, are as follows:

Jim O'Sullivan (resigned 18 December 2014)
Jonathan Long (resigned 18 December 2014)
Carol Benzie
Ignacio Aitor Garcia Bilbao (appointed 18 December 2014)
John Bruen (appointed 18 December 2014)
Richard Abel (appointed 18 December 2014)
Fidel Lopez Soria (appointed 18 December 2014)

Employment policies

Until 18 December 2014, the Company had no direct employees. The staff were employed by LHR Airports Limited, a subsidiary of the Heathrow Airport Holdings Group. Following the sale to AGS Airports, the employees transferred to be employees of Aberdeen International Airport Limited.

The Company has defined a set of guiding principles to ensure fair recruitment and selection. The Company continues to aim to recruit, retain and develop high calibre people and has talent and succession management programmes for managerial roles.

The Company is committed to giving full and fair consideration to applicants for employment. Every applicant or employee will be treated equally whatever their race, colour, nationality, ethnic or national origin, sex, marital status, sexual orientation, religious belief, disability, age or community background. The Company actively encourages a diverse range of applicants and commits to fair treatment of all applicants. The Company's investment in learning and development is guided by senior line managers who ensure that the Company provides the learning opportunities to support the competencies that are seen as key to the Company's success.

Disabled persons have equal opportunities when applying for vacancies, with due regard to their aptitudes and abilities. The Company has further procedures to ensure that disabled colleagues are fairly treated and that their training and career development needs are carefully managed. Where employees have become disabled during the course of employment, the Company endeavours to ensure continuing employment through the arrangement of appropriate training.

Employee involvement and consultation is managed in a number of ways including employee surveys, team updates, briefings, road shows and an intranet, while collective consultation takes place with the unions such as Unite and Prospect for those employee groups where unions are recognised. The Company also operates frameworks for consultation and is committed to managing people fairly through change.

Together these arrangements aim to provide a common awareness amongst employees of the financial and economic factors affecting the performance of their business. Bonuses paid to employees reflect the financial performance of the business. In addition, some senior management participate in a long-term incentive plan which also rewards based on group performance.

Supplier payment policy

The Company complies with the UK Government's Better Payment Practice Code which states that responsible companies should:

- agree payment terms at the outset of a transaction and adhere to them;
- provide suppliers with clear guidance on payment procedures;
- pay bills in accordance with any contract agreed or as required by law; and
- advise suppliers without delay when invoices are contested and settle disputes quickly.

The Company had 17 days purchases outstanding at 31 December 2014 (2013: 9 days) based on the average daily amount invoiced by suppliers during the year.

Aberdeen International Airport Limited

Directors' report *continued*

Directors' indemnity

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any protection from liability which might otherwise apply, every director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in defending any proceedings in which judgement is given in his favour, or in which he is acquitted or in connection with any application in which relief is granted to him by the court for any negligence, default, breach of duty or breach of trust by him in relation to the Company or otherwise in connection with his duties or powers or office.

Going concern

The Company finances its activities through funds generated from operations and has access to inter group funding from its parent companies.

The Company's trading and cash flow projections identify that the business will be cash generative through the period ended 30 June 2016. The bank borrowings of the AGS Airports Holdings Limited group are secured over the assets. The directors having considered and made appropriate enquiries of management as to the assumptions underlying the projections have a reasonable expectation that the company and Group will continue in operational existence for the foreseeable future. Accordingly the going concern basis continues to be adopted in the preparation of the financial statements.

Auditor

Pursuant to the provisions of section 485 of the Companies Act 2006, a resolution relating to the reappointment of the auditor Deloitte LLP will be proposed within the period set out in section 485, or Deloitte LLP will be re-appointed following the period set out in section 485 where no such resolution is proposed, in accordance with section 487.

Statement of disclosure of information to the Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is 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



Carol Benzie
Director

26 June 2015

Company registration number: SC096622

Aberdeen International Airport Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

On behalf of the Board



Carol Benzie
Director

Aberdeen International Airport Limited

Independent auditor's report to the members of Aberdeen International Airport Limited

We have audited the financial statements of Aberdeen International Airport Limited for the year ended 31 December 2014 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Reconciliation of movements in shareholder's funds, the Balance sheet, the Accounting policies, the Significant accounting judgements and estimates and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 annual report 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 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

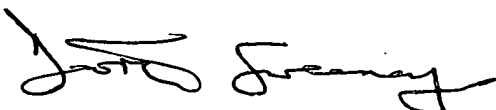
Opinion on matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



David Sweeney C.A. (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

26 June 2015

Aberdeen International Airport Limited

Profit and loss account for the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013
	Note	£'000	£'000
Turnover	1	64,531	62,109
Operating costs – ordinary	2	(46,236)	(42,081)
Operating costs – exceptional	3	(3,013)	(3,282)
Total operating costs		(49,249)	(45,363)
Operating profit		15,282	16,746
Net interest receivable and similar income	4	1,391	857
Profit on ordinary activities before taxation		16,673	17,603
Tax charge on profit on ordinary activities	5	(5,528)	(5,250)
Profit on ordinary activities after taxation	13	11,145	12,353

All profits and losses recognised during the current and prior year are from continuing operations.

Aberdeen International Airport Limited

Statement of total recognised gains and losses for the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013
	Note	£'000	£'000
Profit for the financial year	13	11,145	12,353
Unrealised gain on revaluation of investment properties and land held for development	6,13	9,346	18,335
Pension scheme acquired	14	1,999	-
Actuarial gain recognised on pension scheme	14	555	-
Deferred tax arising on pension scheme		(509)	-
Total recognised gains and losses relating to the year		22,536	30,688

Reconciliation of movements in shareholders' funds for the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013
	Note	£'000	£'000
Profit for the financial year	13	11,145	12,353
Unrealised gain on revaluation of investment properties and land held for development	6,13	9,346	18,335
Pension scheme acquired	14	1,999	-
Actuarial gain recognised on pension scheme	14	555	-
Deferred tax arising on pension scheme		(509)	-
Net movement in shareholder's funds		22,536	30,688
Opening shareholder's funds		183,182	152,494
Closing shareholder's funds		205,718	183,182

There is no material difference between the historical cost profits and losses and the Profit and loss account.

Aberdeen International Airport Limited

Balance sheet as at 31 December 2014

	Note	31 December 2014 £'000	31 December 2013 £'000
Assets			
Non-current assets			
Tangible fixed assets	6	176,700	166,899
Pension asset	14	1,999	-
Total assets		178,699	166,899
Current assets			
Stocks	7	361	386
Debtors: due within one year	8	60,125	47,056
Cash at bank		288	292
Total current assets		60,774	47,734
Current liabilities			
Creditors: amounts falling due within one year	9	(14,048)	(14,454)
Net current assets		46,726	33,280
Total assets less current liabilities		225,425	200,179
Creditors: amounts falling due after more than one year	10	(18,837)	(12,012)
Provisions for liabilities and charges	11	(870)	(4,985)
Net assets		205,718	183,182
Capital and reserves			
Called up share capital	12	12,000	12,000
Revaluation reserve	13	95,124	85,778
Profit and loss reserve	13	98,594	85,404
Total shareholder's funds		205,718	183,182

The financial statements of Aberdeen International Airport Limited (Company registration number: SC096622) were approved by the Board of Directors and authorised for issue on 26 June 2015 . They were signed on its behalf by:

Carol Benzie

Carol Benzie
Director
26 June 2015

Aberdeen International Airport Limited

Accounting policies for the year ended 31 December 2014

The principal accounting policies applied in the preparation of the financial statements of Aberdeen International Airport Limited (the 'Company') are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')).

Going concern

The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial risks for the Company are managed at AGS Airports Group level.

Consequently the Directors have reviewed the cash flow projections of the AGS Airports Group taking into account:

- the forecast revenue and operating cash flows from the underlying operations;
- the forecast level of capital expenditure; and
- the overall AGS Airports Group liquidity position, including the projected upstream of cash remaining committed and uncommitted facilities available to it, its scheduled debt maturities and its forecast financial ratios and ability to access the debt markets.

As a result of the review, having made appropriate enquiries of management, the Directors have a reasonable expectation that sufficient funds will be available to meet the Company's funding requirement for the next twelve months from the balance sheet signing date.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes and consists primarily of:

Aeronautical

- Passenger charges based on the number of departing passengers.
- Aircraft departure charges levied according to weight of departing aircraft.
- Aircraft parking charges based on a combination of weight and time parked as provided.
- Other charges levied for passenger baggage operation when these services are rendered.
- Other traffic charges, including air navigation charges.

Retail

- Concession fees from retail and commercial concessionaires at or around airports are based upon turnover certificates supplied by concessionaires and are recognised in the period to which they relate.
- Car parking income is recognised at the time of exiting the car park in accordance with operator management fee arrangements.

Property and operational facilities

- Property lettings and rentals are recognised on a straight-line basis over the term of the rental period.
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale.
- Usage charges made for operational systems (e.g. check-in desks) are recognised as each service is provided.
- Other invoiced sales are recognised on the performance of the service.

Other

- Charges related to passengers with restricted mobility and various other services, recognised at the time of delivery.

Aberdeen International Airport Limited

Accounting policies for the year ended 31 December 2014 *continued*

Exceptional items

The Company separately presents certain items on the face of the profit and loss account as exceptional. Exceptional items are material items of income or expense that, because of their size or incidence merit separate presentation to allow an understanding of the Company's financial performance.

Such events may include gains or losses on the disposal of businesses or assets, major reorganisation of business, closure or mothballing of terminals and costs incurred in bringing new airport terminal complexes and airfields to operational readiness that are not able to be capitalised as part of the project.

Provisions to recognise the Company's liability to fund the LHR Airports Limited defined benefit pension scheme deficit or surplus and Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefits pension related liabilities under the Shared Services Agreement were also treated as an exceptional item. Refer to the Shared Services Agreement accounting policy. As a result of the acquisition of Airport Holdings NDH1 Limited by AGS Airports Limited, the amount in respect of this provision has been credited to the profit and loss account.

Interest

Interest payable and interest receivable are recognised in the profit and loss account in the period in which they are incurred.

Tangible fixed assets

Operational assets

Terminal complexes, airfield assets, plant and equipment and other land and buildings are stated at cost less accumulated depreciation and impairment losses.

Assets in the course of construction ('AICC') are stated at cost less provision for impairment. Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete and the asset is available for use. Where appropriate, cost includes borrowing costs capitalised, own labour costs of construction-related project management and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the directors are satisfied that it is probable the necessary consents will be received and the projects will be developed to achieve a successful delivery of an asset such that future commercial returns will flow to the Company. The Company reviews these projects on a regular basis, and at least every six months, to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued at the reporting date, as determined by external valuers. Any surplus or deficit on revaluation is transferred to the revaluation reserve with the exception of deficits below original cost which are expected to be permanent, which are charged to the profit and loss account in the period in which they arise.

Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as exceptional items. Profits or losses are recognised on completion.

In accordance with Statement of Standard Accounting Practice 19 *Accounting for Investment Properties*, no depreciation is provided in respect of freehold or long leasehold investment properties.

Capitalisation of interest

Interest payable resulting from financing tangible fixed assets that are in the course of construction is capitalised whilst projects are in progress. Where assets in the course of construction are financed by specific borrowing facilities the interest rate relating to those specific borrowing facilities is used to calculate the amount to capitalise, otherwise an interest rate based on the weighted average cost of debt is used. Capitalisation of interest ceases once the asset is complete and available for use. Interest is then charged to the profit and loss account as a depreciation expense over the life of the relevant asset.

Aberdeen International Airport Limited

Accounting policies for the year ended 31 December 2014 *continued*

Tangible fixed assets *continued*

Depreciation

Depreciation is provided on operational assets, other than land and assets in the course of construction, to write off the cost of the assets less estimated residual value by equal instalments over their expected useful lives as set out below:

<i>Terminal complexes</i>	<i>Fixed asset lives</i>
Terminal building, pier and satellite structures	20–60 years
Terminal fixtures and fittings	5–20 years
Airport plant and equipment	
Baggage systems	15 years
Screening equipment	7 years
Lifts, escalators and travelators	20 years
Other plant and equipment, including runway lighting and building plant	5–20 years
Tunnels, bridges and subways	50–100 years
<i>Airfields</i>	
Runway surfaces	10–15 years
Runway bases	100 years
Taxiways and aprons	50 years
<i>Plant and equipment</i>	
Motor vehicles	4–8 years
Office equipment	5–10 years
Computer equipment	4–5 years
Computer software	3–7 years
Fixtures and fittings	5–10 years
Other plant and equipment	5–10 years
<i>Other land and buildings</i>	
Short leasehold properties	period of lease
Leasehold improvements	lower of useful economic life or period of lease

Asset residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Impairment of assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Where the asset does not generate cash flows independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a significant change in the circumstances underlying the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value, on a straight-line basis over its remaining useful life.

Aberdeen International Airport Limited

Accounting policies for the year ended 31 December 2014 *continued*

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Company as a lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as the rental income.

Stocks

Raw materials and consumables consist of engineering spares and other consumable stores and are valued at the lower of cost and net realisable value and include all costs to bring inventories to their present location and condition.

Debtors

Debtors are recognised initially at cost less any provision for impairment.

Cash

Cash, for the purpose of the summary cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Creditors

Creditors are recognised at cost.

Deferred income

Contractual income is treated as deferred income and released to the profit and loss account as earned.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Aberdeen International Airport Limited

Accounting policies for the year ended 31 December 2014 *continued*

Shared Services Agreement ('SSA')

Prior to 18 December 2014, LHR Airports Limited employed all staff that provide services to the Company. LHR Airports Limited was the sponsor of the defined benefit pension schemes and also acted as the provider of corporate and administrative services to the Company.

Operational staff

Employment costs include wages and salaries, pension costs, medical costs and redundancy payments, as well as any other of its associated expenses incurred by the employees of LHR Airports in providing services to the Company. From 18 December 2014, all employees were employed directly by the company.

Corporate and centralised services

Prior to 18 December 2014

LHR Airports Limited also provided centralised airport support including IT applications, general business services, procurement and financial accounting. These services were charged in accordance with the SSA with a mark-up of 7.5% except for IT applications, or sub-contractor costs, where only full costs were recharged to the company.

Post 18 December 2014

LHR Airports limited has continued to provide the services under the terms of a Transitional Services Agreement entered into by LHR Limited and AGS Airports Limited.

Pension costs

Under the SSA the current period service cost for the LHR Airports Limited pension schemes were recharged to the Company on the basis of their pensionable salaries. This charge was included within Operating costs – ordinary. Cash contributions were made directly by the company to the LHR Airports Limited pension schemes on behalf of LHR Airports Limited.

The Company has had an obligation since August 2008 to fund or benefit from their share of the LHR Airports Limited defined benefit pension scheme deficit or surplus and Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefits pension related liabilities under the SSA. These provisions or assets are based on the relevant share of the actuarial deficit or surplus and allocated on the basis of pensionable salaries. Movements in these provisions or assets are recorded as exceptional items due to their size and nature.

As more than one employer participates in the LHR Airports Limited defined benefit pension scheme and each employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, the Company accounts for the scheme in accordance with the SSA. Additionally the Heathrow Airport Holdings Limited group (the 'Heathrow Airport Holdings Group') discloses information about the total scheme surplus or deficit.

Post 18 December 2014

Subsequent to the acquisition of the Airport Holdings NDH1 Limited Group by AGS Airports Limited, the members of that group no longer have a liability to the LHR Airports pension schemes. AGS Airports Limited has, following consultation with members, created its own defined benefit scheme which provides the same benefits as the LHR scheme.

The Company is a participating employer in the AGS Airports defined benefit pension scheme. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in reserves. In this case, the tax is also recognised in reserves.

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Aberdeen International Airport Limited

Accounting policies for the year ended 31 December 2014 *continued*

In accordance with FRS 19 *Deferred Tax*, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of investment properties where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date and are expected to apply in the periods in which the timing differences are expected to reverse.

Share capital

Ordinary shares are classified as equity and are recorded at the fair value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium reserve.

Cash flow statement and related party transactions

Pre 18 December 2014

The ultimate parent entity in the UK was FGP Topco Limited, a company registered in England and Wales. The results of the Company were included in the audited consolidated financial statements of FGP Topco Limited for the period up to 17 December 2014.

The Company is exempt under the terms of FRS 8 *Related Party Disclosures* from disclosing related party transactions with entities that are wholly owned subsidiaries of the Airport Holdings NDH1 Limited Group.

Balances and transactions with entities that are wholly owned subsidiaries of the FGP Topco Limited group would previously have been exempt from disclosure. Such balances are described in the relevant notes to the financial statements.

Post 18 December 2014

Following the acquisition of Airport Holdings NDH1 Limited, by AGS Airports Limited, the ultimate parent entity in the UK is now AGS Airports Holdings Limited, a company registered in England and Wales. The first year end for AGS Airports Limited and AGS Airports Holdings Limited will be 31 December 2015. The results of Aberdeen International Airport Limited are included in the audited consolidated financial statements of Airport Holdings NDH1 Limited, which is the immediate parent entity and the smallest group to consolidate these financial statements. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 *Cash Flow Statements (revised 1996)*.

The Company is exempt under the terms of FRS 8 *Related Party Disclosures* from disclosing related party transactions with entities that are wholly owned subsidiaries of the AGS Airports Limited group.

Aberdeen International Airport Limited

Significant accounting judgements and estimates for the year ended 31 December 2014

In applying the Company's accounting policies management have made estimates and judgements in a number of key areas. Actual results may, however, differ from the estimates calculated and management believes that the following area presents the greatest level of uncertainty.

Investment properties

Investment properties were valued as at 31st December 2014 at fair value by CBRE Limited Chartered Surveyors. The valuations were prepared in consideration of UK GAAP and in accordance with the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. Approximately 66% (2013: 80%) of the investment properties comprise airport car parks and airside assets that are considered less vulnerable to market volatility than the overall market. Independent valuations were obtained for 100% of the investment properties.

Capitalisation

Management are required to make judgements in relation to the capitalisation of costs. This relates to both when amounts may begin to be capitalised, where there may be doubt about planning consent or the ultimate completion of the asset, and in relation to the nature of costs incurred. Examples where judgement has been exercised in the year include capitalised interest, where judgement is exercised in relation to the applicable interest rate and the assessment of AICC projects on hold, and operational readiness activities where judgement is exercised to determine costs that are directly attributable to the assets under construction.

Pensions

Certain assumptions have been adopted for factors that determine the valuation of the Company's liability for pension obligations at period end and charges to the profit and loss account. The factors have been determined in consultation with the Company's actuary, taking into account market and economic conditions. Changes in assumptions can vary from period to period as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Company's liability for pension obligations. The objective when setting pension scheme assumptions for future periods is to reflect the expected actual outcomes, other than the discount rate which must be set by reference to the yield on high quality corporate bonds with a term consistent with the obligations.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014

1 Segment information

The Directors consider the business has only one segment. All of the Company's turnover arises in the United Kingdom and relates to continuing operations. Additional details of the turnover generated by each of the Company's key activities are given below:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Turnover		
Aeronautical income	35,845	34,695
Retail income	13,155	12,885
Operational facilities and utilities income	3,146	3,063
Property rental income	5,509	5,262
Other income	6,876	6,204
	64,531	62,109

2 Operating costs – ordinary

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	11,519	10,516
Social security	1,099	1,016
Pensions	2,411	2,255
Contract and agency staff	166	89
Other staff related costs	150	389
Employment costs	15,345	14,265
Maintenance expenditure	4,490	4,550
Utility costs	2,375	2,190
Rents and rates	2,238	2,444
General expenses	2,668	2,358
Retail expenditure	1,210	974
Intra-group charges/other	829	1,336
Police	667	754
Aerodrome navigation service charges	10,074	8,183
Depreciation ¹	6,377	5,050
Gain on disposal of tangible fixed assets	(37)	(23)
	46,236	42,081

¹ Depreciation includes a £1,188,000 loss on disposal of investment properties (2013:£250,000 impairment charge on investment properties)

Cost items have been presented below by their underlying nature.

	Year ended 31 December 2014 £m	Year ended 31 December 2013 £m
Employment costs	15,345	14,265
Maintenance expenditure	4,490	4,550
Utility costs	2,375	2,190
Rents and rates	2,238	2,444
General expenses	14,238	12,631
Retail expenditure	1,210	974
Disposal of fixed assets	(37)	(23)
Total adjusted operating costs	39,859	37,031
Depreciation and loss on disposal of investment properties	6,377	5,050
Total operating costs after depreciation	46,236	42,081
Exceptional costs (Note 3)	3,013	3,282
Total operating costs	49,249	45,363

Rentals under operating leases

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Operating costs include:		
Other operating leases	292	192

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

2 Operating costs – ordinary *continued*

Auditor's remuneration

Audit fees and non-audit fees for the preceding financial year were borne by LHR Airports Limited and recharged in accordance with the SSA as described within the Accounting policies. Fees for the current year are borne directly by the company.

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
Audit of the Company pursuant to legislation	28	8
Non-audit fees payable to the Company's auditor and their associates for other services specific to the Company:		
Audit related assurance services	3	6
Other tax services	3	1
Other assurance services	4	3
Total non-audit fees	10	10
Total fees	38	18

Employee information

Prior to 18 December 2014, the Company had no direct employees (2013: nil). Staff engaged in the operations of Aberdeen airport were employed by LHR Airports Limited but the Company bore the cost of these employees. The average number of employees of LHR Airports Limited engaged in the operation of Aberdeen airport during the year was 273 (2013: 257). The number of employees does not include headcount related to central support functions for the Company which were rendered by LHR Airports Limited and charged as intra-group charges in accordance with the SSA. On 18 December 2014, staff engaged in the operation of Aberdeen Airport were transferred to the Company.

Directors' remuneration

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Directors' remuneration		
Aggregate emoluments	158	258
Value of company pension contributions to defined benefit scheme	19	344
	177	602

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Number of Directors who:		
are members of a defined benefit pension scheme	1	3
are members of a defined contribution scheme	-	1

Jim O'Sullivan and Jonathan Long were directors of a number of companies within the Heathrow Airport Holdings Group. Jim O'Sullivan was paid by and is a director of LHR Airports Limited. Jonathan Long was paid by, but is not a director of Heathrow Airport Limited. The directors do not believe it is possible to accurately apportion their remuneration to individual companies within the Heathrow Airport Holdings Group based on services provided.

In 2013 and prior years the directors participated in various Long Term Incentive Performance Cash Plans operated by LHR Airports Limited. In respect of the Plans, a cash amount is granted which could vest in future periods contingent on achieving or surpassing EBITDA, Return on Equity and other operational targets over a three year period. The directors' remuneration includes £ Nil payable in 2015 (2013: £14,000 paid in 2014) in respect of the 2011 LTIP Plan after certain targets were met over the three year period from 2011 to 2013.

No director (2013: two) exercised share options during the year in respect of their services to the Heathrow Airport Holdings Group. All share options granted under previous long term incentive plans have now lapsed.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

3 Operating costs – exceptional

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Pension charge ¹	(3,013)	(3,282)
Net Operating costs – exceptional	(3,013)	(3,282)

¹During 2014 there was a net exceptional pension charge of £3,013,000 (2013: £3,282,000). This includes the Company's share of the movement in the LHR Airports Limited defined benefit pension scheme, Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefits pension related liabilities.

4 Net interest receivable and similar income

	Note	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Interest receivable and similar income			
Pensions finance income			
Prior scheme		338	251
New AGS scheme		50	-
Interest receivable from group undertakings ¹		1,395	837
		1,783	1,088
Interest payable			
Pensions finance expense			
Prior scheme		(30)	-
New AGS scheme		(47)	-
Interest payable to group undertakings ²		(366)	(339)
		(443)	(339)
Fair value gain/(loss) on financial instruments		-	1
Interest capitalised ³	6	51	107
Net interest receivable and similar income		1,391	857

¹ These amounts relate mainly to interest accrued on balances due from Airport Holdings NDH1 Limited (Note 8).

² These amounts relate to interest due on the loan from Airport Holdings NDH1 Limited (Note 10).

³ Interest capitalised at a rate of 7.07% (2013: 6.69%).

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

5 Tax charge on profit on ordinary activities

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Current tax		
Group tax relief payable	4,816	5,051
Adjustments in respect of prior periods	6	128
Total current tax charge	4,822	5,179
Deferred tax		
Origination and reversal of timing differences	789	148
Adjustments in respect of prior periods	(71)	(69)
Change in tax rate	-	(8)
Increase in deferred tax provision	11 718	71
Deferred tax in relation to pensions	(12)	-
Total deferred tax charge	706	71
Tax charge on profit on ordinary activities	5,528	5,250

Reconciliation of tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013: 23.25%). The actual tax charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Profit on ordinary activities before tax	16,673	17,603
Tax on profit on ordinary activities at 21.5% (2013: 23.25%)	3,585	4,093
Effect of:		
Permanent differences	2,090	736
Capital allowances for the year in excess of /(less than) depreciation	13	(121)
Capitalised interest	(11)	(21)
Other short-term timing differences	(731)	364
Adjustments to tax charge in respect of prior periods	6	128
Difference in rate	(130)	-
Current tax charge for the year	4,822	5,179

It was substantively enacted at the reporting date that the standard rate of corporation tax in the UK will change from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. As a result, the Company's deferred tax balances have been provided for at 20%. Other than the unprovided deferred tax discussed in Note 11, there are no items which would materially affect the future tax charge.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

6 Tangible fixed assets

	Note	Investment properties £'000	Land held for development £'000	Terminal complexes £'000	Airfield £'000	Other land and buildings £'000	Plant, equipment and other assets £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation									
1 January 2014		97,403	4,166	47,799	46,543	3,393	15,701	2,163	217,168
Additions at cost		-	-	-	-	-	142	6,639	6,781
Interest capitalised	4	-	-	-	-	-	-	51	51
Disposals		(1,188)	-	(17)	-	-	(120)	-	(1,325)
Revaluation ¹	13	7,847	1,499	-	-	-	-	-	9,346
Transfer to completed Assets		32	-	3,744	1,173	276	1,950	(7,175)	-
31 December 2014		104,094	5,665	51,526	47,716	3,669	17,673	1,678	232,021
Depreciation									
1 January 2014		-	-	(21,144)	(16,396)	(1,261)	(11,468)	-	(50,269)
Depreciation charge		-	-	(2,094)	(1,932)	(151)	(1,012)	-	(5,189)
Disposals		-	-	17	-	-	120	-	137
31 December 2014		-	-	(23,221)	(18,328)	(1,412)	(12,360)	-	(55,321)
Net book value 31 December 2014		104,094	5,665	28,305	29,388	2,257	5,313	1,678	176,700
Net book value 31 December 2013		97,403	4,166	26,655	30,147	2,132	4,233	2,163	166,899

¹ Investment properties and land were re-valued, by CBRE Limited, as at 31 December 2014. This has resulted in gains of £7,847,000 and £1,499,000 respectively.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

6 Tangible fixed assets *continued*

Valuation

Investment properties and land held for development were valued at open market value by CBRE Limited, Chartered Surveyors at £109,759,000 (2013: £101,569,000). These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account, *inter alia*, of planning constraints and reflecting the demand for airport related uses. As a result of the valuation, a surplus of £9,346,000 (2013: £18,335,000) has been recognised in the revaluation reserve.

Remaining terminal complexes, airfield infrastructure, plant and equipment, other land and buildings and other assets have been shown at historical cost.

Historical cost

The historical cost of investment properties and land held for development at 31 December 2014 was £14,634,000 (2013: £13,326,000).

Other land and buildings

Other land and buildings are all freehold.

Assets in the course of construction

Assets in the course of construction comprise of capital expenditure on on-going developments under the Company's capital investment projects. Projects in progress at 31 December 2014 include the terminal redevelopment project, the installation of advertising sites in the inner-forecourt and the low voltage electricity capacity project.

Capitalised interest

Included in the net book value of assets after depreciation are interest costs of £1,217,000 (2013: £1,166,000). £51,000 (2013: £107,000) has been capitalised in the year at an average capitalisation rate of 7.07% (2013: 6.69%) based on a weighted average cost of borrowings.

A tax deduction of £51,000 (2013: £107,000) for capitalised interest was taken in the year. Subsequent depreciation of the capitalised interest is disallowed for tax purposes. Consequently, the capitalised interest gives rise to a deferred tax liability, which is released each year in line with the depreciation charged on the relevant assets.

Leased assets

The Company had assets rented to third parties under operating leases as follows:

	31 December 2014 £'000	31 December 2013 £'000
Cost or valuation	113,089	104,770
Accumulated depreciation	(1,619)	(1,478)
Net book amount	111,470	103,292

A significant proportion of freehold property is occupied by third parties under concession and management agreements.

7 Stock

	31 December 2014 £'000	31 December 2013 £'000
Raw materials and consumables	361	386

The replacement cost of raw materials and consumables at 31 December 2014 and 31 December 2013 was not materially different from the amount at which they are included in the accounts.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

8 Debtors

	31 December 2014 £'000	31 December 2013 £'000
Due within one year:		
Trade debtors	5,661	5,930
Amounts owed by group undertakings - interest bearing ¹	52,478	40,507
Other debtors	11	1
Prepayments	212	202
Interest receivable from group undertakings	1,763	368
Corporation tax receivable	-	48
	60,125	47,056

¹ Amounts owed by group undertakings - interest bearing relate to the cash sweeps transferred to Airport Holdings NDH1 Limited. Cash is swept between the companies on a regular basis. As at 31 December 2014, the balance accrues interest at a rate of 3.16% per annum (2013: 3.01%).

9 Creditors: amounts falling due within one year

	31 December 2014 £'000	31 December 2013 £'000
Trade creditors ¹	2,576	2,735
Accruals	3,972	2,334
Capital creditors	2,668	1,503
Amounts owed to group undertakings - interest free ²	-	1,988
Group relief payable	2,747	3,047
Other creditors	110	992
Other taxes and social security costs	290	374
Deferred income	1,539	1,346
Interest payable to group undertakings	146	135
	14,048	14,454

¹ Trade creditors are non-interest bearing and generally on 30-day terms.

² Amounts owed to group undertakings - interest free largely related to external payments made by LHR Airports Limited under the SSA on behalf of the Company. No such amounts remain outstanding at 31 December 2014.

10 Creditors: amounts falling due after more than one year

	31 December 2014 £'000	31 December 2013 £'000
Amounts owed to group undertakings - interest bearing ¹	18,837	12,012

¹ Amounts owed to group undertakings - interest bearing relate to loans from Airport Holdings NDH1 Limited. The interest on the loans is set at 0.125% above the rate of Airport Holdings NDH1 Limited's senior loan facility. As at 31 December 2014, the balance accrues interest at a rate of 3% per annum (2013: 3.01%).

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

11 Provisions for liabilities and charges

	Deferred tax (a)	Pension costs (b)	Other provisions (c)	Total
	£'000	£'000	£'000	£'000
1 January 2014	135	4,779	71	4,985
Charged to Profit and loss account	718	3,013	(54)	3,677
Utilised during the year	-	(2,202)	-	(2202)
Transferred to inter-company	-	(5,590)	-	(5,590)
31 December 2014	853	-	17	870

(a) *Deferred tax*

Analysis of the deferred tax balance is as follows:

	31 December 2014 £'000	31 December 2013 £'000
Excess of capital allowances over depreciation	857	870
Other timing differences	(4)	(735)
	853	135

	Unprovided 31 December 2014 £'000	Unprovided 31 December 2013 £'000
Tax on chargeable gains if investment properties were sold at their current valuations	13,820	12,070

Provision has been made for deferred taxation in accordance with FRS 19 *Deferred Tax*.

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market value or on the sale of properties where taxable gains have been rolled over into replacement assets. The total amount of tax unprovided for is £13,820,000 (2013: £12,070,000). At present it is not envisaged that this tax will become payable in the foreseeable future.

The Finance Act 2012 enacted a reduction in the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. As a result the Company's deferred tax balances, have been provided at the rate of 20%.

(b) *Pension costs*

At 31 December 2013, £3,653,000 represents an intercompany management charge in relation to the costs incurred on the defined benefit pension scheme held at LHR Airports Limited. The remaining £1,126,000 was held for historical accumulated past service pension costs borne by LHR Airports Limited in relation to Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefits pension related liabilities.

On 18 December 2014, when Airport Holdings NDH1 Limited was acquired by AGS Airports Limited, the balances in relation to the LHR and the Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefits pension related liabilities were transferred to intra-group creditors as these became due to Airport Holdings NHD 1 Limited.

(c) *Other provisions*

Other provisions include a £16,000 (2013: £71,000) reorganisation provision. This is associated with the Company's reorganisation programme and the costs relate to severance and pension payments only. All amounts are expected to be utilised in 2015. The remaining element of the provision is for public liability claims.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

12 Share capital

	£000
Called up, allotted and fully paid	
1 January and 31 December 2014	
12,000,002 ordinary shares of £1 each	12,000

13 Reserves

	Note	Revaluation reserve £000	Profit and loss reserve £000	Total £000
1 January 2014		85,778	85,404	171,182
Profit for the financial year		-	11,145	11,145
Unrealised gain on revaluation of investment properties and land held for development	6	9,346	-	9,346
Pension scheme acquired		-	1,999	2,002
Actuarial gain recognised in pension scheme		-	555	555
Deferred tax arising on pension scheme		-	(509)	(512)
31 December 2014		95,124	98,594	193,718

14 Pension scheme

Defined benefit schemes

The company is a participating employer in the AGS Airports Limited defined benefit pension scheme. On 18 December 2014, the pension assets and liabilities attributable to the company at the point of acquisition of the Airport Holdings NDH1 Group by AGS Airports, were transferred to the company.

The Group's defined benefit pension fund is a self-administered defined benefit scheme (the "AGS Airports Pension Scheme" or the "Scheme") and is closed to new employees. The Scheme is based on a final salary arrangement. As required by UK pension law, a Pension Trustee's Board has been established which together with the Group, is responsible for governance of the Scheme. The Trustee Board is comprised of Company and employee nominated Trustees. Employee Trustees will be nominated and elected by the employees who are members of the Scheme.

In this initial period since the Scheme came into existence on 18 December 2014, the employer's contributions have been calculated based on initial advice received from the Scheme's actuaries, KPMG LLP, on the amount of the bulk transfer of assets and liabilities transferred into the Scheme from the former owners Scheme (BAA Pension Scheme) and assumptions determined by the Trustee and agreed by the Group.

The Scheme's Trustees are currently engaged in discussions with the Trustees of the BAA Pension Scheme to finalise the bulk transfer values in respect of the pension entitlements of those employees who transferred over to the new Group following the sale of the business on 18th December 2014. Once this exercise has been completed and the amount of the pension obligations and the related pension assets have been agreed, it is the intention to perform a formal valuation of the Scheme. Thereafter, the pension fund will be subject to triennial valuations and the defined benefit obligation or surplus will be calculated quarterly by the Scheme's actuaries.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

14. Pension schemes *continued*

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2014 £000
Present value of funded defined benefit obligations	(35,614)
Fair value of plan assets	38,113
Surplus	2,499
Related deferred tax liability	(500)
Net asset	1,999

Movements in present value of defined benefit obligation

	2014 £000
At 1 January	-
Transfer of liabilities on acquisition	(35,363)
Current service cost	(61)
Interest cost	(47)
Actuarial losses	(143)
At 31 December	(35,614)

Movements in fair value of plan assets

	2014 £000
At 1 January	-
Transfer of assets on acquisition	37,365
Expected return on plan assets	50
Actuarial gains	698
At 31 December	38,113

Expense recognised in the profit and loss account

	2014 £000
Current service cost	61
Interest cost	47
Expected return on defined benefit pension plan assets	(50)
Total	58

The expense is recognised in the following line items in the profit and loss account:

	2014 £000
Operating costs	61
Other interest receivable and similar income	(50)
Interest payable and similar charges	47
	58

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £555,000.

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £555,000.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

14 Pension schemes continued

The fair value of the plan assets and the return on those assets were as follows:

	2014 Fair value £000
Cash	38,113
<hr/>	
Actual return on plan assets	748

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2014 %
Discount rate	3.7
Expected rate of return on plan assets	3.7
Expected return on plan assets at beginning of the period	-
Future salary increases	3.3
RPI inflation	3.3
Pension increases in payment	3.15

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 29.1 years (male), 31.7 years (female).

Future retiree upon reaching 65: 27.1 years (male), 29.6 years (female).

The accounting standard requires that the discount rate used to discount the liability determined by reference to market yields at the reporting date on high quality corporate bond investments. The currency and terms of these should be consistent with the currency and estimated term of the post-employment obligations. The discount rate has been based on the yield on AA rated corporate bonds of a term similar to the liabilities.

The expected rate of inflation is an important assumption for the salary growth and pension increase assumptions. A rate of inflation is "implied" by the difference between the yields on fixed and index-linked government bonds.

As required under the accounting standard, interest income on the plan assets is calculated by multiplying the fair value of the plan assets by the discount rate as discussed above

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

14. Pension schemes *continued*

The expected rate of inflation is an important assumption for the salary growth and pension increase assumptions. A rate of inflation is "implied" by the difference between the yields on fixed and index-linked government bonds.

As required under the accounting standard, interest income on the plan assets is calculated by multiplying the fair value of the plan assets by the discount rate as discussed above

History of plans

The history of the plans for the current and prior periods is as follows: *Balance sheet*

	2014 £000
Present value of scheme liabilities	(35,614)
Fair value of scheme assets	38,113
Surplus	2,499

Experience adjustments

	2014 £000
Experience adjustments on scheme liabilities	-
Experience adjustments on scheme assets	698

The Company expects to contribute approximately £1,917,000 its defined benefit plans in the next financial year.

15 Commitments

Commitments for capital expenditure

Contracted capital expenditure commitments amount to £448,000 (2013: £1,802,000).

Commitments under operating leases

At 31 December 2014, the Company was committed to making the following payments during the next year in respect of operating leases.

	31 December 2014 Land and buildings £'000	31 December 2013 Land and buildings £'000
<i>Leases which expire:</i>		
within one year	-	9
within two to five years	290	101
	290	110

16 Contingent liabilities

The Company, together with AGS Airports Limited and each of its fellow subsidiaries (other than BAA Lynton Limited), together, have granted security over their assets to secure their obligations to the lenders under their financing agreements.

Aberdeen International Airport Limited

Notes to the financial statements for the year ended 31 December 2014 *continued*

17 Ultimate parent undertaking

The shares of the Company are held by Glyns Nominees Limited however the beneficial owner of the Company's shares is Airport Holdings NDH1 Limited, a company registered in England and Wales.

As described in the strategic report, the ownership of Airport Holdings NDH1 Limited changed on 18 December 2014.

The ultimate parent entity is AGS Airports Holdings Limited. The shareholders of AGS Airports Holdings Limited are AGS Ventures Airports Limited (a subsidiary of Macquarie European Infrastructure Fund 4 LP) (50%) and Faero UK Holding Limited (an indirect subsidiary of Ferrovial, S.A., Spain) (50%).

The Company's results are included in the audited consolidated financial statements of Airport Holdings NDH1 Limited for the year ended 31 December 2014, which is the parent undertaking of the smallest group to consolidate these financial statements. AGS Airports Holdings limited is the largest group to consolidate these financial statements.

Copies of the financial statements of Airport Holdings NDH1 Limited may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.