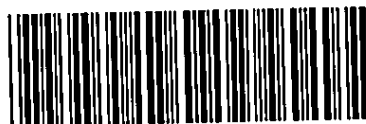


BAA LYNTON MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 DECEMBER 2008

FRIDAY



"AAQKSCLJ"

A32

21/08/2009

170

COMPANIES HOUSE

BAA LYNTON MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

CONTENTS

Officers And Professional Advisers	1
Directors' Report	2
Statement Of Directors' Responsibilities	4
Independent Auditors' Report	5
Profit And Loss Account	6
Balance Sheet	7
Notes To The Financial Statements	8

BAA LYNTON MANAGEMENT LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C B Boyes	
G P Salmon	
J W Holland-Kaye	(appointed 31 July 2009)
S Wilkinson	(appointed 31 July 2009)
K A Chappell	(resigned 11 February 2009)
D S Garrod	(resigned 23 February 2009)
R D Herga	(resigned 31 July 2009)
J S O'Halloran	(resigned 31 July 2009)

SECRETARY

S Ooi (appointed 28 November 2008)
S Welch (resigned 28 November 2008)

REGISTERED OFFICE

The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2WG

REGISTERED AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

BAA LYNTON MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their financial report and the audited financial statements of BAA Lynton Management Limited (the "company") for the year ended 31 December 2008 (the "year").

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as asset manager and operator of unregulated collective investment schemes.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The directors expect the business of investment management to continue. On the 31 January 2008 the asset management agreement with Airport Hotels Partnership was terminated. This resulted in a decrease of £730,000 in revenue during 2008.

PRINCIPAL RISKS, UNCERTAINTIES AND KEY PERFORMANCE INDICATORS

The management of the business and the execution of the company's strategy are subjected to a number of risks. The key business risks affecting the company are considered to relate to competition, property valuations, employee retention, and interest rates. A more detailed analysis of the risks, uncertainties and key performance indicators can be found in the BAA Airports Limited financial statements.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £2,656,923 (31 December 2007 - £3,957,230). No dividend was paid during the year (31 December 2007 - nil).

BOARD OF DIRECTORS

The following were directors of the company during the year:

J C B Boyes	
G P Salmon	
J W Holland-Kaye	Appointed 31 July 2009
S Wilkinson	Appointed 31 July 2009
K A Chappell	Resigned 11 February 2009
D S Garrood	Resigned 23 February 2009
R D Herga	Resigned 31 July 2009
J S O'Halloran	Resigned 31 July 2009

POLITICAL AND CHARITABLE DONATIONS

The Company made charitable donations amounting to £850 (31 December 2007 - £650), no political donations were made.

DIRECTORS' INTERESTS

None of the directors has any interest in the shares of the Company. None of the directors has any interest in the shares of any other group company

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BAA LYNTON MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of the Board



S Ooi

Company Secretary

12/08/2009

Registered Office:
The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2WG

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAA LYNTON MANAGEMENT LIMITED

We have audited the financial statements of BAA Lynton Management Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

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

Basis of audit opinion

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

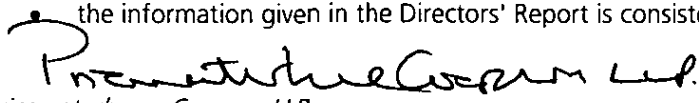
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

12/08/2009

BAA LYNTON MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Note	31 December 08	31 December 07
		£	£
Turnover	2	3,483,218	9,519,261
Operating costs	3	(1,525,495)	(5,560,534)
Operating profit		1,957,723	3,958,727
Profit/(Loss) on disposal of fixed assets	6	0	(1,497)
Profit on ordinary activities before interest and taxation		1,957,723	3,957,230
Net interest receivable	4	699,200	0
Profit on ordinary activities before taxation		2,656,923	3,957,230
Tax on profit on ordinary activities	5	(754,097)	(1,175,220)
Profit for the year	11	1,902,826	2,782,010

The above profit and loss account includes all recognised gains and losses arising in the year and the previous year and is from continuing operations. There are no movements in shareholders' funds other than the profit for the year and the profit for the previous year. Hence no statement of recognised gains and losses or reconciliation of movements in shareholders' funds are presented. There is no difference between the profit for the year and their historical costs equivalents.

The notes on pages 8 to 13 form part of these financial statements.

BAA LYNTON MANAGEMENT LIMITED

BALANCE SHEET

A at 31 December 2008

	Note	31 December 08 £	31 December 07 £
FIXED ASSETS			
Tangible assets	6	19,348	43,437
CURRENT ASSETS			
Debtors	7	57,871,314	10,177,026
CREDITORS : amounts falling due within one year	9	(49,990,157)	(4,222,784)
NET CURRENT ASSETS		7,881,157	5,954,242
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		7,900,505	5,997,679
CAPITAL AND RESERVES			
Called up share capital	10	20,000	20,000
Profit and loss account	11	7,880,505	5,977,679
Equity shareholders' funds		7,900,505	5,997,679

The notes on pages 8 to 13 form part of these financial statements.
These financial statements were approved by the Board of Directors on

12/08/2009.

Signed on behalf of the Board of Directors



J. Holland-Kaye
Director

BAA LYNTON MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2008

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom standards.

Turnover

Turnover comprises management and operator's fees received and receivable excluding VAT.

Cash flow statement

The company is a wholly owned subsidiary of BAA Airports Limited (formerly BAA Limited) and is included in the consolidated accounts of BAA Airports Limited which are publicly available. The company is therefore exempt under the terms of Financial Reporting Standard No.1 (Revised) from publishing a cash flow statement.

Deferred taxation

In accordance with FRS 19, 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 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.

Tangible fixed assets

Tangible fixed assets comprise office furniture, fixtures and equipment. Depreciation is provided so as to write off the cost of these assets, less their estimated residual value, by equal instalments over their expected useful lives of four years.

Related parties

The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the BAA Airports Limited group or investees of the BAA Airports Limited group.

Dividends

Dividends to company shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved. Interim dividends are recognised when paid. Dividends or distributions are recognised as receivable once the company becomes entitled to them without any recourse and the amounts entitled can be calculated with appropriate accuracy.

Leases

Operating lease rentals are charged to operating profit on a straight line basis over the lease term.

Post retirement benefits

The Company participates in the BAA Pension Scheme. The Scheme is a defined benefit scheme but the Company is unable to identify its share of the underlying assets and liabilities and therefore accounts for the Scheme under FRS 17 as a defined contribution scheme by charging the Company's contributions to the profit and loss account.

BAA LYNTON MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2008 (Continued)**2. REVENUE FROM CONTINUING OPERATIONS**

	31 December 08	31 December 07
	£	£
Management fees	3,483,218	9,519,261

All turnover arises in the United Kingdom.

3. OPERATING COSTS IN CONTINUING OPERATIONS

	31 December 08	31 December 07
	£	£
Administrative expenses	1,525,495	5,560,534
(a) Administrative expenses include:		
Staff costs	2,384,902	2,877,503
Audit fee	-	-
Write-back of provision	(1,832,374)	-
Depreciation on owned assets	24,089	23,529
Operating lease rentals - Land and Buildings	160,300	160,300
Operating lease rentals - Other	12,280	12,280
Staff costs comprise:		
Salaries	2,006,671	2,218,131
Social security costs	153,175	289,351
Other pension costs	225,056	370,021
	2,384,902	2,877,503

(b) Directors' emoluments

The emoluments of the directors, excluding pension contributions, amounted to £1,286,213 (31 December 2007 - £1,190,331) and, within this total, the emoluments of the highest paid director amounted to £297,442 (31 December 2007 - £261,706). The emoluments of three of the directors are borne by BAA Airports Limited. The remainder of the directors' emoluments are included within staff costs. Retirement benefits are accruing to 6 (31 December 2007: 7) directors under a defined benefit scheme. The highest paid director's accrued pension at 31 December 2008 is £92,000 (2007: £86,000).

(c) Employees

The average number of employees during the year was 18 (2007 - 19) including directors. The costs are paid by BAA Airports Limited and charged to the entity accordingly.

(d) Audit fees

Audit fees were borne by BAA Airports Limited in both periods.

BAA LYNTON MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2008 (Continued)**4. NET INTEREST RECEIVABLE**

	31 December 08 £	31 December 07 £
Interest receivable on loan to parent undertaking	699,200	-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	31 December 08 £	31 December 07 £
United Kingdom Corporation Tax		
Current at 28.5% (31 December 2007: 30%)	757,223	1,203,669
Adjustments in respect of prior periods	3,881	(28,268)
	761,104	1,175,401
Deferred - origination and reversal of timing differences		
- prior period	(7,007)	(341)
Change in tax rate – impact on deferred tax liabilities	-	160
Total Deferred Tax	(7,007)	(181)
Tax on profit on ordinary activities	754,097	1,175,220

Reconciliation of tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28.5% (31 December 2007: 30%). The actual tax charge for the current period and prior period differs from 28.5% for the reasons set out in the following reconciliation

	31 December 08 £	31 December 07 £
Profit on ordinary activities before taxation	2,656,923	3,957,230
Tax on profit on ordinary activities 28.5% (2007: 30%)	757,223	1,187,169
Factors affecting charge:		
Permanent differences	-	16,500
Adjustments to tax charge in respect of prior periods	3,881	(28,268)
Current tax charge for the period	761,104	1,175,401

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in future.

Other than this change, there are no items which would materially affect the future tax charge.

BAA LYNTON MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2008 (Continued)

6. TANGIBLE FIXED ASSETS

	31 December 08 £	31 December 07 £
Furniture, fixtures and office equipment		
Cost		
Opening balance	111,364	117,881
Additions	-	-
Disposals	-	(6,517)
Balance at reporting date	111,364	111,364
Depreciation		
Opening balance	67,927	49,418
Depreciation charge for the year	24,089	23,529
Disposals	-	(5,020)
Balance at reporting date	92,016	67,927
Net Book Value		
Balance at beginning of year/period	43,437	68,463
Balance at reporting date	19,348	43,437

No fixed assets were scrapped during the year (2007: £1,497).

7. DEBTORS

	31 December 08 £	31 December 07 £
Amounts falling due within one year:		
Trade debtors	60	3,104,480
Prepayments and accrued income	635,760	4,871,690
Amount owed by immediate parent undertaking	15,067,199	176,647
Amount owed by fellow subsidiary undertakings	42,057,108	1,718,264
Other debtors	101,919	303,684
	57,862,046	10,174,765
Amounts falling due after more than one year:		
Deferred taxation recoverable (see note 8)	9,268	2,261
	57,871,314	10,177,026

Amounts owed by immediate parent undertaking is commercial in terms, unsecured and repayable on demand.
Amounts owed by fellow subsidiary undertakings are interest free, unsecured and repayable on demand.

BAA LYNTON MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2008 (Continued)****8. DEFERRED TAXATION**

As stated in note 1 the company provides for deferred tax assets to the extent that it is regarded as more likely than not that they will be recovered. The deferred tax asset at reporting date comprises:

	31 December 08	31 December 07
	£	£
Excess of depreciation charges over capital allowances	9,268	2,261

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 08	31 December 07
	£	£
Trade creditors	27,593	47,916
Group relief	757,223	1,203,669
Other tax and social security	28,997	-
Amount owed to fellow subsidiary undertakings	48,419,823	-
Accruals and deferred income	756,521	2,969,857
Other creditors	-	1,342
	<u>49,990,157</u>	<u>4,222,784</u>

Amounts payable to fellow subsidiary undertakings are not interest bearing and are repayable on demand.

10. CALLED UP SHARE CAPITAL

	31 December 08	31 December 07
	£	£
Authorised, called up, allotted and fully paid:		
Ordinary shares of £1 each	20,000	20,000

BAA LYNTON MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2008 (Continued)****11. PROFIT AND LOSS RESERVE**

	31 December 08 £	31 December 07 £
At 1 January	5,977,679	3,195,669
Profit on ordinary activities after taxation	1,902,826	2,782,010
	<hr/>	<hr/>
At 31 December	7,880,505	5,977,679
	<hr/>	<hr/>

12. COMMITMENTS UNDER LEASE

	31 December 08 £	31 December 07 £
Land and buildings:		
Within one to two years	160,300	-
Within two to five years	-	160,300
	<hr/>	<hr/>
Other:		
Within one to two years	12,280	-
Within two to five years	-	12,280
	<hr/>	<hr/>

13. ULTIMATE PARENT UNDERTAKING

The ultimate and controlling parent undertaking at 31 December 2008 is Ferrovial Infraestructuras SA, a company incorporated and registered in Spain. The largest undertaking which prepares consolidated accounts which include the results of the company, is FGP Topco Limited, which are publicly available.

The immediate parent company is BAA Airports Limited (formerly BAA Limited), a Company incorporated in Great Britain and registered in England and Wales.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No 8, Related Party Disclosures, not to disclose transactions with BAA Airports Limited group companies.

The directors consider Airport Property Partnership, a limited partnership for which the company acts as asset manager, to be a related party. Fees from Airport Property Partnership in the year totalled:

	31 December 08 £	31 December 07 £
Management fees	3,416,549	4,263,221
Performance fees	(969,043)	2,897,468
Development management fees	717,974	947,651
	<hr/>	<hr/>
Total	3,165,480	8,108,340
	<hr/>	<hr/>

At 31 December 2008 there was £475,954 was due from Airport Property Partnership (31 December 2007: £7,016,184).

The company's asset management agreement with Airport Property Partnership includes clauses for the cancellation of unpaid performance fees in the event the Partnership's return falls below specific benchmark hurdles. The funds return has therefore resulted in the cancellation of £969,043 in unpaid performance fees in the year to 31 December 2008.