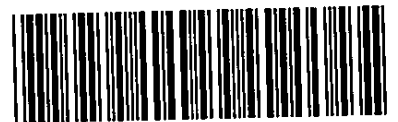


Company Registration No 2103900

**BAA LYNTON MANAGEMENT LIMITED**

REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 DECEMBER 2009

TUESDAY



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**BAA LYNTON MANAGEMENT LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

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## **BAA LYNTON MANAGEMENT LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **OFFICERS AND PROFESSIONAL ADVISERS**

##### **DIRECTORS**

|                  |                             |
|------------------|-----------------------------|
| J W Holland-Kaye | (appointed 31 July 2009)    |
| S Wilkinson      | (appointed 31 July 2009)    |
| G P Salmon       | (resigned 30 June 2010)     |
| J C B Boyes      | (resigned 31 March 2010)    |
| 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)     |

##### **SECRETARY**

S Ooi (appointed 28 November 2008)  
(resigned 31 August 2010)  
S Welch (resigned 28 November 2008)

##### **REGISTERED OFFICE**

The Compass Centre  
Nelson Road  
Hounslow  
Middlesex  
TW6 2WG

##### **BANKERS**

Barclays Bank PLC  
Pall Mall Corporate Banking  
50 Pall Mall  
London  
SW1Y 5AX

##### **REGISTERED AUDITORS**

PricewaterhouseCoopers LLP  
Hay's Galleria  
1 Hay's Lane  
London  
SE1 2RD

## **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 2009 (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**

On 22 June 2010 the asset management agreement with Airport Property Partnership was terminated following the sale of BAA's interests in the partnership. This led to the cessation of all trading activity by BAA Lynton Management Limited

### **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 £608,392 (31 December 2008 - £2,656,923). No dividend was paid during the year (31 December 2008 - nil)

### **BOARD OF DIRECTORS**

The following were directors of the company during the year

|                  |                           |
|------------------|---------------------------|
| J W Holland-Kaye | Appointed 31 July 2009    |
| S Wilkinson      | Appointed 31 July 2009    |
| G P Salmon       | Resigned 30 June 2010     |
| J C B Boyes      | Resigned 31 March 2010    |
| 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 did not make any charitable donations during the year (31 December 2008 - £850). No political donations were made during the year

### **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**

Pursuant to the provisions of Section 485 of the Companies Act 2006, a resolution relating to the appointment or reappointment of the auditor will be put to the shareholder within the period set out in Section 485

**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



J Holland-Kaye  
Director  
23 September 2010

Registered Office  
The Compass Centre  
Nelson Road  
Hounslow  
Middlesex  
TW6 2GW

## **BAA LYNTON MANAGEMENT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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, subject to any material departures disclosed and explained in the financial statements,
- 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.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he 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 auditors are aware of that information

## **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 December 31, 2009, which comprise the Profit and Loss Account, the Balance Sheet, and the related Notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 December 31, 2009 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.

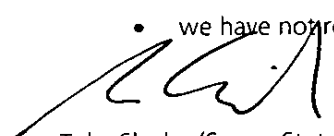
### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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.



Toby Skailes (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Hay's Galleria  
1 Hay's Lane  
London  
SE1 2RD  
23 September 2010

**BAA LYNTON MANAGEMENT LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2009**

|   | <b>Note</b> | <b>Year Ended<br/>31 December 09<br/>£</b> | <b>Year Ended<br/>31 December 08<br/>£</b> |
|---|-------------|--|--|
| Turnover  | 2           | 2,087,697                                  | 3,483,218                                  |
| Operating costs   | 3           | (1,835,698)                                | (1,525,495)                                |
| <b>Profit on ordinary activities before interest and<br/>taxation</b> |             | <b>251,999</b>                             | <b>1,957,723</b>                           |
| Net interest receivable   | 4           | 356,393                                    | 699,200                                    |
| <b>Profit on ordinary activities before taxation</b>                  |             | <b>608,392</b>                             | <b>2,656,923</b>                           |
| Tax charge on profit on ordinary activities                           | 5           | (293,840)                                  | (754,097)                                  |
| <b>Profit for the year</b>  | 11          | <b>314,552</b>                             | <b>1,902,826</b>                           |

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 15 form part of these financial statements.



**BAA LYNTON MANAGEMENT LIMITED**

**BALANCE SHEET**

**As at 31 December 2009**

|   | Note | 31 December 09<br>£ | 31 December 08<br>£ |
|---|------|---------------------|---------------------|
| <b>FIXED ASSETS</b>   |      |                     |                     |
| Tangible assets   | 6    | -                   | 19,348              |
| <b>CURRENT ASSETS</b>                                       |      |                     |                     |
| Debtors   | 7    | 57,457,346          | 57,871,314          |
| <b>CREDITORS : amounts falling due within one year</b>      | 9    | (49,242,289)        | (49,990,157)        |
| <b>NET CURRENT ASSETS</b>                                   |      | 8,215,057           | 7,881,157           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b> |      | 8,215,057           | 7,900,505           |
| <b>CAPITAL AND RESERVES</b>                                 |      |                     |                     |
| Called up share capital                                     | 10   | 20,000              | 20,000              |
| Profit and loss account                                     | 11   | 8,195,057           | 7,880,505           |
| <b>Equity shareholders' funds</b>                           |      | 8,215,057           | 7,900,505           |

The notes on pages 8 to 15 form part of these financial statements

These financial statements were approved by the Board of Directors on 23 September 2010

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 2009**

#### **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

##### **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.

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.

##### **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 2009 (Continued)

#### 1 ACCOUNTING POLICIES (Continued)

##### Cash flow statement and related party transactions

The ultimate parent entity in the UK is FGP Topco Limited, a company registered in England and Wales. The results of the Company are included in the audited consolidated financial statements of FGP Topco Limited for the year ended 31 December 2009. The results of the Company are also included in the audited consolidated financial statements of BAA Limited for the year ended 31 December 2009 (intermediate 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 related to, or part of the FGP Topco Limited Group.

#### 2 REVENUE FROM CONTINUING OPERATIONS

|   | 31 December 09<br>£ | 31 December 08<br>£ |
|---|---------------------|---------------------|
| Management fees                           | 2,087,697           | 3,483,218           |
| All turnover arises in the United Kingdom |                     |                     |

#### 3 OPERATING COSTS IN CONTINUING OPERATIONS

|  | 31 December 09<br>£ | 31 December 08<br>£ |
|--|---------------------|---------------------|
| <b>(a) Administrative expenses</b>           | 1,835,698           | 1,525,495           |
| Administrative expenses include              |                     |                     |
| Staff costs                                  | 1,128,920           | 2,384,902           |
| Write-back of provision                      | -                   | (1,832,374)         |
| Depreciation on owned assets                 | 19,348              | 24,089              |
| Operating lease rentals - Land and Buildings | 160,300             | 160,300             |
| Operating lease rentals - Other              | 12,280              | 12,280              |
| Staff costs comprise                         |                     |                     |
| Salaries                                     | 1,046,187           | 2,006,671           |
| Social security costs                        | 43,508              | 153,175             |
| Other pension costs                          | 39,225              | 225,056             |
|  | 1,128,920           | 2,384,902           |

##### (b) Directors' emoluments

|                              | 31 December 09<br>£ | 31 December 08<br>£ |
|------------------------------|---------------------|---------------------|
| <b>Directors' emoluments</b> |                     |                     |
| Aggregate emoluments         | 159,332             | 297,442             |

# BAA LYNTON MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009 (Continued)

### 3 OPERATING COSTS IN CONTINUING OPERATIONS

#### (b) Directors' emoluments (Continued)

|  | 31 December 09<br>£ | 31 December 08<br>£ |
|--|---------------------|---------------------|
| <b>Highest paid director's remuneration</b>  |                     |                     |
| Total amount of emoluments and amounts<br>(excluding shares) receivable under long term<br>incentive schemes | 159,332             | 297,442             |
|  | £                   | £                   |
| <b>Highest paid director's pension</b>   |                     |                     |
| Defined benefit scheme   |                     |                     |
| Accrued pension at year end <sup>1</sup>   | 19,000              | 92,000              |

<sup>1</sup> Please note that these figures are provided by the Pension Providers as rounded figures to the nearest £1 000

J Holland-Kaye has been a director of BAA Airports Limited since his appointment on 31 July 2009 and an Executive Committee ('EC') member of BAA Limited since 3 May 2009. His remuneration is paid by BAA Airports Limited and is disclosed in this entity for the period of appointment and in BAA Limited for the period that he was a member of the EC. D Garrod was a member of the EC until 23 February 2009. His remuneration is paid by BAA Airports Limited and remuneration relating to the period that he was a member of the EC is disclosed as key management compensation in BAA Limited. R Herga was paid by, but is not a director of, BAA Airports Limited and his remuneration is included in the BAA Limited key management compensation disclosure. J Boyes, J O'Halloran and K Chappell were paid by, but were not directors of, BAA Airports Limited. S Wilkinson was paid by, but was not a director of Heathrow Airport Limited. With the exception of Giles Salmon, who spends all of his time serving as a director of BAA Lynton Management Limited, the other directors do not believe it is possible to apportion their remuneration to individual companies within the BAA Group based on services provided.

None of the directors (2008: none) who served BAA Lynton Management Limited during the year received emoluments from the company.

In accordance with a long term incentive scheme, a cash amount could be awarded to six of the eight directors who held office during 2009 (2008: none), which would vest in 2012 contingent on achieving or surpassing BAA Limited's Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') targets over a three year period. As the financial performance is uncertain at this stage the above emoluments do not contain any value in relation to this award.

No directors (2008: none) exercised any share options during the year, and no shares (2008: none) were received or became receivable under long term incentive plans.

During the year, seven of the directors (2008: six) had retirement benefits accruing to them under a defined benefits scheme and one of the eight directors who held office in 2009 (2008: none) had retirement benefits accruing to them under a defined contribution scheme.

**BAA LYNTON MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2009 (Continued)****3 OPERATING COSTS IN CONTINUING OPERATIONS (continued)****(c) Employees**

The average number of employees during the year was 10 (2008 - 18) 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.

**4. NET INTEREST RECEIVABLE**

|   | <b>31 December 09</b><br><b>£</b> | <b>31 December 08</b><br><b>£</b> |
|---|-----------------------------------|-----------------------------------|
| Interest receivable from external parties         | 393                               | -                                 |
| Interest receivable on loan to parent undertaking | 356,000                           | 699,200                           |
|   | <u>356,393</u>                    | <u>699,200</u>                    |

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

|  | <b>31 December 09</b><br><b>£</b> | <b>31 December 08</b><br><b>£</b> |
|--|-----------------------------------|-----------------------------------|
| <b>Current tax</b>                                 |                                   |                                   |
| Group relief payable                               | 301,730                           | 757,223                           |
| Adjustments in respect of prior periods            | 7,199                             | 3,881                             |
|  | <u>308,929</u>                    | <u>761,104</u>                    |
| <b>Deferred taxation</b>                           |                                   |                                   |
| - origination and reversal of timing differences   | (1,131)                           | (7,007)                           |
| - prior periods                                    | (13,958)                          | -                                 |
|  | <u>(15,089)</u>                   | <u>(7,007)</u>                    |
| Total Deferred Tax                                 | (15,089)                          | (7,007)                           |
| <b>Tax charge on profit on ordinary activities</b> | <u>293,840</u>                    | <u>754,097</u>                    |

**BAA LYNTON MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2009 (Continued)****5 TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)****Reconciliation of tax charge**

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28% (2008 28.5%) The actual tax charge for the current and prior years differ from 28% for the reasons set out in the following reconciliation

|   | <b>31 December 09</b><br><b>£</b> | <b>31 December 08</b><br><b>£</b> |
|---|-----------------------------------|-----------------------------------|
| Profit on ordinary activities before taxation               | 608,391                           | 2,656,923                         |
| Tax on profit on ordinary activities 28% (2008 28.5%)       | 170,349                           | 757,223                           |
| Factors affecting charge                                    |                                   |                                   |
| Permanent differences                                       | 130,250                           | -                                 |
| Depreciation for the period in excess of capital allowances | 1,131                             | -                                 |
| Adjustments to tax charge in respect of prior periods       | 7,199                             | 3,881                             |
| Current tax charge for the year                             | 308,929                           | 761,104                           |

**6 TANGIBLE FIXED ASSETS**

|  | <b>31 December 09</b><br><b>£</b> | <b>31 December 08</b><br><b>£</b> |
|--|-----------------------------------|-----------------------------------|
| Furniture, fixtures and office equipment |                                   |                                   |
| <b>Cost</b>                              |                                   |                                   |
| Opening balance                          | 111,364                           | 111,364                           |
| Additions                                | -                                 | -                                 |
| Disposals                                | -                                 | -                                 |
| Balance at reporting date                | 111,364                           | 111,364                           |
| <b>Depreciation</b>                      |                                   |                                   |
| Opening balance                          | 92,016                            | 67,927                            |
| Depreciation charge for the year         | 19,348                            | 24,089                            |
| Disposals                                | -                                 | -                                 |
| Balance at reporting date                | 111,364                           | 92,016                            |
| <b>Net Book Value</b>                    |                                   |                                   |
| Balance at beginning of year/period      | 19,348                            | 43,437                            |
| Balance at reporting date                | -                                 | 19,348                            |

No fixed assets were scrapped during the year (2008 Nil)

# **BAA LYNTON MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2009 (Continued)**

### **7 DEBTORS**

|   | <b>31 December 09</b> | <b>31 December 08</b> |
|---|-----------------------|-----------------------|
|   | <b>£</b>              | <b>£</b>              |
| Amounts falling due within one year           |                       |                       |
| Trade debtors                                 | -                     | 60                    |
| Prepayments and accrued income                | 743,024               | 635,760               |
| Amount owed by immediate parent undertaking   | 14,151,155            | 15,067,199            |
| Amount owed by fellow subsidiary undertakings | 42,054,504            | 42,057,108            |
| Other debtors                                 | 484,306               | 101,919               |
| Deferred taxation recoverable (see note 8)    | 24,357                | -                     |
|   | <u>57,457,346</u>     | <u>57,862,046</u>     |
| Amounts falling due after more than one year  |                       |                       |
| Deferred taxation recoverable (see note 8)    | -                     | 9,268                 |
|   | <u>57,457,346</u>     | <u>57,871,314</u>     |

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

### **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

|                                   | <b>31 December 09</b> | <b>31 December 08</b> |
|-----------------------------------|-----------------------|-----------------------|
|                                   | <b>£</b>              | <b>£</b>              |
| As at 1 January                   | 9,268                 | 2,261                 |
| Credit to profit and loss account | 15,089                | 7,007                 |
| As at 31 December                 | <u>24,357</u>         | <u>9,268</u>          |

Analysis of the deferred tax balances are as follows

|  | <b>31 December 09</b> | <b>31 December 08</b> |
|--|-----------------------|-----------------------|
|  | <b>£</b>              | <b>£</b>              |
| Excess of depreciation charges over capital allowances | 17,144                | 9,268                 |
| Other timing differences                               | 7,213                 | -                     |
|  | <u>24,357</u>         | <u>9,268</u>          |

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

**BAA LYNTON MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2009 (Continued)****9. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | <b>31 December 09</b> | <b>31 December 08</b> |
|---|-----------------------|-----------------------|
|   | <b>£</b>              | <b>£</b>              |
| Trade creditors                               | 18,875                | 27,593                |
| Group relief payable                          | 301,730               | 757,223               |
| Other tax and social security                 | 35,751                | 28,997                |
| Amount owed to fellow subsidiary undertakings | 48,416,007            | 48,419,823            |
| Accruals and deferred income                  | 469,926               | 756,521               |
|   | <u>49,242,289</u>     | <u>49,990,157</u>     |

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

**10. CALLED UP SHARE CAPITAL**

|  | <b>31 December 09</b> | <b>31 December 08</b> |
|--|-----------------------|-----------------------|
|  | <b>£</b>              | <b>£</b>              |
| Authorised, called up, allotted and fully paid<br>Ordinary shares of £1 each | <u>20,000</u>         | <u>20,000</u>         |

**11. PROFIT AND LOSS RESERVE**

|  | <b>31 December 09</b> | <b>31 December 08</b> |
|--|-----------------------|-----------------------|
|  | <b>£</b>              | <b>£</b>              |
| At 1 January                                 | 7,880,505             | 5,977,679             |
| Profit on ordinary activities after taxation | 314,552               | 1,902,826             |
| At 31 December                               | <u>8,195,057</u>      | <u>7,880,505</u>      |

**12. COMMITMENTS UNDER LEASE**

|                          | <b>31 December 09</b> | <b>31 December 08</b> |
|--------------------------|-----------------------|-----------------------|
|                          | <b>£</b>              | <b>£</b>              |
| Land and buildings       |                       |                       |
| Within one to two years  | 60,100                | 160,300               |
| Within two to five years | -                     | -                     |
| Other                    |                       |                       |
| Within one to two years  | 12,794                | 12,280                |
| Within two to five years | -                     | -                     |



## BAA LYNTON MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009 (Continued)

#### 13 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is BAA Airports Limited, a company registered in England and Wales

The ultimate parent entity in the UK is FGP Topco Limited, which is the parent undertaking of the largest group in the UK to consolidate these financial statements. The shareholders of FGP Topco Limited are Finecofer S L (55.9%) (as successor to Lernamara S L and Ferrovial Infraestructuras S A), Britannia Airport Partners L P (26.5%) (a Caisse de dépôt et placement du Québec-controlled vehicle) and Baker Street Investment Pte Ltd (17.6%) (an investment vehicle of the Government of Singapore Investment Corporation). The ultimate parent entity of the majority shareholder is Ferrovial S A (Spain).

The Company's results are also included in the audited consolidated financial statements of BAA Limited for the year ended 31 December 2009, which is the parent undertaking of the smallest group to consolidate these financial statements. They are also included in the audited consolidated financial statements of FGP Topco Limited for the year ended 31 December 2009.

Copies of the financial statements of FGP Topco Limited and BAA Limited may be obtained by writing to the Company Secretary at The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

#### 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 entities that are related to, or part of the FGP Topco Limited Group.

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 09   | 31 December 08   |
|-----------------------------|------------------|------------------|
|                             | £                | £                |
| Management fees             | 1,823,861        | 3,416,549        |
| Performance fees            | -                | (969,043)        |
| Development management fees | 196,597          | 717,974          |
| Total                       | <u>2,020,458</u> | <u>3,165,480</u> |

At 31 December 2009 there was £495,655 was due from Airport Property Partnership (31 December 2008 £475,954).

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

#### 15. POST BALANCE SHEET EVENT

On 22 June 2010 the asset management agreement with Airport Property Partnership was terminated following the sale of the BAA Group's interests in the partnership. The BAA Group sold its share in Airport Property Partnership for £111 million. This led to the cessation of all trading activity by BAA Lynton Management Limited.