# LIVERPOOL AIRPORT PLC

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2001

## REGISTERED NUMBER 2116704

LIVERPOOL AIRPORT
*Check-in to the difference*

DIRECTORS, PROFESSIONAL ADVISERS AND PRINCIPAL OFFICE

| | |
|---|---|
| **'A' Directors:** | John Whittaker<br>Robert E. Hough DL, LL.B<br>Peter A. Scott F.C.C.A.<br>Paul P. Wainscott A.C.I.S.<br>Peter J. Hosker LL.B<br>Roderick C. Hill F.C.M.A., C.P.F.A., A.C.I.T. |
| **'B' Directors:** | John Fletcher<br>James Keight<br>Margaret Green<br>John Pugh<br>Michael Storey |
| **Secretary:** | Neil Lees A.C.I.S. |
| **Principal Office:** | South Terminal<br>Liverpool Airport<br>Liverpool L24 1YD |
| **Registered Number:** | 2116704 |
| **Auditors:** | Binder Hamlyn |
| **Bankers:** | Barclays Bank PLC |

**REPORT OF THE DIRECTORS**
*for the year ended 31 March 2001*

The directors submit their report together with the audited financial statements of the company for the year ended 31 March 2001.

**Principal Activities**

The principal activities of the company are the operational control and management of Liverpool Airport and the provision of associated facilities and services.

**Review of Business Development and Prospects**

In an increasingly competitive industry, Liverpool Airport recorded considerable progress during the year by focusing on the niche low cost market. Passenger throughput was 2.07m, an increase of 36.7% over the record of the previous financial year, making Liverpool one of the fastest growing European Airports. The signing of a long-term contract with easyJet, following its successful Stock Exchange flotation in November 2000, commits easyJet to operating seven Boeing 737 aircraft from its North West base by 2003, ensuring further growth in the medium term. This important strategic agreement will act as the catalyst for the future expansion of Liverpool Airport. A disappointment during the year was the loss for the Airport of easyJet's London Luton service. This was, however, offset by the use of the aircraft on European destinations from Liverpool.

Although charter flights and freight movements were similar to the previous year, efforts continue to widen the customer base. Recent agreements with the main tour operators will see an increase in holiday flights for Summer 2002.

To meet the expectation of the airlines (and their passengers) and to strengthen Liverpool's position in the industry, a major capital expenditure programme is underway. This investment, partly supported by a grant from the European Regional Development Fund, will see the opening of a new £32m terminal building by early Summer 2002, for which planning consent was received in the Autumn. As passenger forecasts increase, work has commenced to prepare an application to extend the terminal facilities to accommodate 4.50m passengers by 2005/6. The recent acquisition of the 24% minority shareholding of the five Merseyside Local Authorities will assist financing for this ongoing investment programme.

In the financial year, the Airport generated revenues of £12.4m (*2000: £10.1m*) and a net operating loss after interest of £5.9m (*2000: £1.8m loss*). An exceptional charge of £4.60m, being abortive costs incurred on an earlier terminal project, was also incurred during the year.

**Results and Dividends**

The company's results and financial position are set out in the profit and loss account and balance sheet on pages 6 and 7.

No dividend can be paid *(2000: £nil).*

**Directors and directors' interests**

The directors who held office during the year were as follows;

| *'A' Directors* | *'B' Directors* | |
|---|---|---|
| J. Whittaker | J. Fletcher | |
| R.E. Hough | J. Keight | |
| P.A. Scott | M. Green | (appointed 16/6/00) |
| P.P. Wainscott | D. Martin | (resigned 31/7/00) |
| P.J. Hosker | M. Storey | |
| R.C. Hill | J. Pugh | (appointed 21/5/00) |
| | W.W. Smith | (resigned 26/5/00) |

The directors who held office at the end of the financial year held no interests in the share capital of the company.

**REPORT OF THE DIRECTORS (continued)**
*for the year ended 31 March 2001.*

The following directors held shares and share options in Peel Holdings p.l.c. as follows;

| | **At 31 March 2001** | | At 31 March 2000 | |
|---|---|---|---|---|
| | ***Ord*** | ***Conv Pref*** | *Ord* | *Conv Pref* |
| J. Whittaker | **115,240** | **7,500** | 118,830 | 15,550 |
| R.E. Hough | **90,000** | **44,400** | 90,000 | 44,400 |
| P.A. Scott | **72,600** | **180,000** | 72,600 | 180,000 |
| P.P. Wainscott | **16,600** | - | 16,600 | - |
| P.J. Hosker | - | - | - | 500 |
| | **294,440** | **231,900** | 298,030 | 240,450 |

At 31 March 2001, Mr R.E. Hough held £28,750 of the Variable Rate Guaranteed Unsecured Loan Notes 2003 issued by Peel Holdings p.l.c. *(£28,750 at 31 March 2000).*

| | *Ordinary Shares of 25p each* | |
|---|---|---|
| **Share options** | ***At 31 March 2001*** | *At 31 March 2000* |
| P.P. Wainscott | **38,000** | 38,000 |
| P.J. Hosker | **17,000** | 17,000 |

No options were granted or exercised during the year.

Mr J. Whittaker also has an interest in 41,717,514 ordinary shares and 10,977,225 5.25% convertible cumulative non-voting preference shares as a beneficiary of the J.H. Whittaker discretionary settlement trust.

The ultimate holding company is Tokenhouse Holdings Limited, a company registered in Guernsey. The interests of the directors in Tokenhouse Holdings Limited are as follows;

| | *Ordinary shares of 10p each* | |
|---|---|---|
| | ***At 31 March 2001*** | *At 31 March 2000* |
| R.E. Hough | **40** | 60 |
| P.A. Scott | **120** | 120 |

The directors have no other interests required to be disclosed under schedule 7 of the Companies Act 1985.

**Events after the Balance Sheet Date**

With effect from 4 May 2001 the Company became a wholly owned undertaking within the Peel Holdings p.l.c. group of companies following the acquisition of the 24% minority interests of the five Merseyside local authorities.

**REPORT OF THE DIRECTORS (continued)**
*for the year ended 31 March 2001.*

**Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

**Employee Involvement and Health and Safety at Work**

Regular meetings are held involving Senior Management and the trade union representatives of all employees to convey information about the business. During the year, the Company has provided training for employees at all levels through a programme of courses and appropriate development activity.

The policy of the Company is to ensure, in so far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its activities.

**Employment of Disabled Persons**

It is the policy of the Company to give full and fair consideration to applications for employment received from all people including disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other Company employees, and if necessary, retraining is given to an employee who becomes disabled whilst in the Company's employment.

**Payments Policy**

The company's policy is to settle terms with suppliers when agreeing the terms of each transaction, to ensure that the suppliers are made aware of the terms of payment and abide by the terms of payment. At 31 March 2001, the number of days outstanding was 12 based on the ratio of trade creditors at the end of the year to the amounts invoiced during the year by suppliers.

**Appointment of auditors**

The directors will place a resolution before the Annual General Meeting to re-appoint Binder Hamlyn as auditors for the ensuing year.

By Order of the Board

**N. Lees**
*Secretary*

29 June 2001

**AUDITORS' REPORT**
**to the shareholders of Liverpool Airport PLC**

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

**Respective responsibilities of directors and auditors**

As described on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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 of the state of affairs of the company at 31 March 2001 and of the loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Binder Hamlyn
Chartered Accountants and Registered Auditors
Bank House
9 Charlotte Street
Manchester
M1 4EU

29 June 2001

## PROFIT AND LOSS ACCOUNT
*for the year ended 31 March 2001*

| | Note | £ | Year to 31 March 2001 £ | £ | Year to 31 March 2000 £ |
|---|---|---|---|---|---|
| Turnover | *1* | | **12,399,128** | | 10,056,954 |
| Direct costs | | | **(6,518,349)** | | (5,429,241) |
| **Gross profit** | | | **5,880,779** | | 4,627,713 |
| General administrative expenses | | **(5,646,457)** | | (5,632,214) | |
| Exceptional item | *3* | **(4,603,000)** | | - | |
| | | | **(10,249,457)** | | (5,632,214) |
| **Operating loss** | | | **(4,368,678)** | | (1,004,501) |
| Interest payable and similar charges | *4* | | **(1,562,970)** | | (819,257) |
| **Loss on ordinary activities before taxation** | *2* | | **(5,931,648)** | | (1,823,758) |
| Tax on loss on ordinary activities | *5* | | **-** | | 4,931 |
| **Loss for the financial year** | *16* | | **(5,931,648)** | | (1,818,827) |

All the above results derive from continuing activities and there were no acquisitions in the year.

The Company has no recognised gains or losses other than the loss for the year.

A reconciliation of the movement in shareholders' funds is given in note 17.

The statement of accounting policies and the notes on pages 10 to 18 form an integral part of these financial statements.

## BALANCE SHEET
*as at 31 March 2001*

| | Note | 31 March 2001 £ | 31 March 2000 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | *8* | **51,426,080** | 45,541,326 |
| Investments | *9* | **10,000** | 10,000 |
| | | **51,436,080** | 45,551,326 |
| **Current assets** | | | |
| Debtors | *10* | **1,725,333** | 1,655,492 |
| Cash at bank and in hand | | **1,463** | 1,333 |
| | | **1,726,796** | 1,656,825 |
| **Creditors** *(amounts falling due within one year)* | *11* | **(30,915,287)** | (18,967,904) |
| **Net current liabilities** | | **(29,188,491)** | (17,311,079) |
| **Total assets less current liabilities** | | **22,247,589** | 28,240,247 |
| **Creditors** *(amounts falling due after more than one year)* | *12* | **(7,499,339)** | (7,560,349) |
| **Net assets** | | **14,748,250** | 20,679,898 |
| **Capital and reserves** | | | |
| Called-up share capital | *14* | **33,040,000** | 33,040,000 |
| Share premium account | *15* | **2,500,000** | 2,500,000 |
| Profit and loss account | *16* | **(20,791,750)** | (14,860,102) |
| **Equity shareholders' funds** | *17* | **14,748,250** | 20,679,898 |

These financial statements were approved by the board of directors on 29 June 2001 and were signed on its behalf by:-

**R E Hough** R E Hough Director

The statement of accounting policies and the notes on pages 10 to 18 form an integral part of these financial statements.

## CASH FLOW STATEMENT

*for the year ended 31 March 2001*

| | Cash flow Note | | Year to 31 March 2001 | | Year to 31 March 2000 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Net cash inflow from operating activities** | *1* | | **1,089,559** | | 1,942,720 |
| **Return on investments and servicing of finance** | | | | | |
| Interest paid | | **(1,508,781)** | | (752,248) | |
| Interest element of finance lease payments | | **(54,189)** | | (67,009) | |
| Net cash outflow from return on investments and servicing of finance | | | **(1,562,970)** | | (819,257) |
| **Exceptional item** | | | **(999,514)** | | - |
| **Taxation** | | | **-** | | 4,931 |
| **Capital expenditure** | | | | | |
| Purchase of tangible fixed assets | | **(11,131,976)** | | (12,494,682) | |
| Grant received for purchase of fixed assets | | **250,080** | | 3,641,260 | |
| Receipts from sales of tangible fixed assets | | **17,500** | | 17,100 | |
| **Net cash outflow from capital expenditure** | | | **(10,864,396)** | | (8,836,322) |
| **Net cash outflow before financing** | | | **(12,337,321)** | | (7,707,928) |
| **Financing** | | | | | |
| Unsecured loan | | | **13,400,000** | | - |
| Secured loan due within a year | | | **(66,504)** | | (29,564) |
| Secured loan due after a year | | | **-** | | 267,757 |
| Net decrease in capital element of finance leases | | | **(130,908)** | | (175,879) |
| **Increase / (decrease) in cash in the period** | *2* | | **865,267** | | (7,645,614) |

The accompanying notes on page 9 are an integral part of this cash flow statement.

Notes
*(forming part of the Cash flow statement)*

## 1 Reconciliation of operating profit/( loss) to net cash inflow from operating activities

| | **Year to 31 March 2001** | Year to 31 March 2000 |
|---|---|---|
| | **£** | £ |
| Operating profit/(loss) before exceptional item | **234,322** | (1,004,501) |
| Depreciation charges | **2,002,059** | 1,482,048 |
| Profit on sale of tangible fixed assets | **(17,500)** | (8,101) |
| (Increase) / decrease in debtors | **(69,841)** | 221,534 |
| (Decrease) / increase in creditors | **(760,155)** | 1,515,853 |
| Grant amortisation | **(299,326)** | (264,113) |
| Net cash inflow from operating activities | **1,089,559** | 1,942,720 |

## 2 Analysis and reconciliation of net funds

| | 31 March 2000 | Cash Flow | **31 March 2001** |
|---|---|---|---|
| | £ | £ | **£** |
| Cash at bank and in hand | 1,333 | 130 | **1,463** |
| Overdrafts and loans repayable on demand | (14,731,587) | 865,137 | **(13,866,450)** |
| | (14,730,254) | 865,267 | **(13,864,987)** |
| Debt due after one year | (466,704) | 70,456 | **(396,248)** |
| Debt due within one year | (66,504) | (3,951) | **(70,455)** |
| Finance leases | (890,795) | 130,908 | **(759,887)** |
| | (16,154,257) | 1,062,680 | **(15,091,577)** |

| | **Year to 31 March 2001** |
|---|---|
| | **£** |
| Increase in cash in the year | 865,267 |
| Net movement in debt due within one year | (3,951) |
| Net movement in debt due after more than one year | 70,456 |
| Cash flow from net decrease in finance leases | 130,908 |
| **Movement in net debt in the year** | 1,062,680 |
| **Net debt at 31 March 2000** | (16,154,257) |
| **Net debt at 31 March 2001** | **(15,091,577)** |

**NOTES TO THE ACCOUNTS**
*for the year ended 31 March 2001*

## 1. Accounting Policies

### Accounting Convention

The following accounting policies have been applied consistently throughout the year and the preceding year in dealing with items which are considered material in relation to the company's financial statements.

### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts and the financial statements relate to the company only.

### Depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | |
|---|---|
| Freehold buildings | 2.5 - 15% per annum |
| Runways and fencing | 1 - 6.7% per annum |
| Plant and machinery, vehicles and other equipment | 10 - 25% per annum |

### Fixed Asset Investments

Fixed asset investments in subsidiary undertakings are stated at cost less amounts provided for impairment in value. Cost represents the aggregate cash consideration.

### Deferred Taxation

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future.

### Turnover

Turnover represents the invoiced value of facilities and services provided in the year. Value added tax is excluded from turnover.

### Leased Assets

Assets acquired under finance leases are capitalised at a value equivalent to the cost incurred by the lessor and depreciated over their expected useful economic lives. Finance charges thereon are charged to the profit and loss account in the period in which they accrue. The capital element of the future lease payments is reflected within creditors.

Expenditure on operating leases is charged directly to the profit and loss account.

### Government Grants

Capital based government grants are included within creditors in the balance sheet and are credited to trading profit over the estimated useful economic lives of the assets to which they relate.

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

**1. Accounting Policies (continued)**

**Pension costs**

The company operates a defined contribution scheme, the contributions to which are charged to the profit and loss account as incurred.

**2. Loss on Ordinary Activities before Taxation**

| | **Year to 31 March 2001** | Year to 31 March 2000 |
|---|---|---|
| | **£** | £ |
| *Loss on ordinary activities before taxation is stated after charging;* | | |
| Auditors' remuneration | **12,000** | 12,000 |
| Depreciation and other amounts written off tangible fixed assets: | | |
| Owned | **1,819,143** | 1,325,934 |
| Leased | **182,916** | 156,114 |
| Hire of equipment and operating lease rentals | | |
| Plant and machinery | **175,762** | 246, 135 |
| Vehicles | **27,894** | 20,411 |
| *After crediting;* | | |
| Capital grant amortisation | **(299,326)** | (264,113) |

Fees paid to the auditors for non-audit work were £Nil *(2000: £Nil)*

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

## 3. Exceptional item

The exceptional item of £4,603,000 in the year ended 31 March 2001 represents expenditure on an aborted scheme by the Airport Company.

| | **Year to 31 March 2001 £** |
|---|---|
| Incurred in prior years | **3,245,163** |
| Paid during the year | **999,514** |
| Declassified from Assets in the Course of Construction | **4,244,677** |
| Accrued costs | **358,323** |
| | **4,603,000** |

## 4. Interest payable and similar charges

| | **Year to 31 March 2001 £** | Year to 31 March 2000 £ |
|---|---|---|
| Interest payable | **1,508,781** | 752,248 |
| Finance lease charges | **54,189** | 67,009 |
| | **1,562,970** | 819,257 |

## 5. Taxation

| | **Year to 31 March 2001 £** | Year to 31 March 2000 £ |
|---|---|---|
| Corporation Tax adjustments relating to prior years | - | (4,931) |

The Company has available losses carried forward at 31 March 2001 of £10,236,000 (2000: £8,743,000).

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

## 6. Remuneration of Directors

| | **Year to 31 March 2001 £** | Year to 31 March 2000 £ |
|---|---|---|
| Directors' emoluments: | | |
| Remuneration as executives | **76,421** | 91,829 |

The directors who were members of pension schemes are split as follows;

| | **Number of Directors** | |
|---|---|---|
| | **2001** | 2000 |
| Defined Contribution scheme | **1** | 1 |
| Defined Benefit scheme | **-** | 1 |

## 7. Particulars of Staff

| **Staff costs** | **Year to 31 March 2001 £** | Year to 31 March 2000 £ |
|---|---|---|
| Wages and salaries | **5,214,399** | 3,698,520 |
| Social security costs | **493,015** | 350,726 |
| Other pension costs (see note 19) | **168,252** | 81,942 |
| | **5,875,666** | 4,131,188 |

The average monthly number of persons employed by the Company during the year is as follows:

| | **Number 2001** | Number 2000 |
|---|---|---|
| Administration | **24** | 20 |
| Operations | **241** | 167 |
| | **265** | 187 |

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

## 8. Tangible Fixed Assets

| | Freehold land and buildings £ | Runway apron and fencing £ | Other assets £ | Assets in the course of construction £ | Total £ |
|---|---|---|---|---|---|
| *Cost* | | | | | |
| At beginning of year | 18,806,579 | 26,917,449 | 6,502,634 | 3,761,865 | **55,988,527** |
| Additions | 3,110,981 | 348,535 | 714,589 | 7,957,385 | **12,131,490** |
| Disposals | - | - | (54,162) | - | **(54,162)** |
| Reclassification | - | - | - | (4,244,677) | **(4,244,677)** |
| Transfers | 204,594 | - | 95,005 | (299,599) | **-** |
| **At end of year** | 22,122,154 | 27,265,984 | 7,258,066 | 7,174,974 | **63,821,178** |
| ***Depreciation and impairment*** | | | | | |
| At beginning of year | 2,641,716 | 4,195,845 | 3,609,640 | - | **10,447,201** |
| Charge for year | 895,243 | 504,580 | 602,236 | - | **2,002,059** |
| Disposals | - | - | (54,162) | - | **(54,162)** |
| **At end of year** | 3,536,959 | 4,700,425 | 4,157,714 | - | **12,395,098** |
| *Net book value* | | | | | |
| **At 31 March 2001** | **18,585,195** | **22,565,559** | **3,100,352** | **7,174,974** | **51,426,080** |
| At 31 March 2000 | 16,164,863 | 22,721,604 | 2,892,994 | 3,761,865 | **45,541,326** |

The gross book value of freehold land and buildings includes £16,992,277 *(2000: £13,676,702)* of depreciable assets.

Included in the total net book value of other assets is £1,272,719 *(2000: £1,302,509)* in respect of assets held under finance leases. Depreciation for the year of these assets was £182,916 *(2000: £156,114).*

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

## 9. Fixed Asset Investments

| | Shares in Subsidiary Undertakings | |
|---|---|---|
| | **2001** | 2000 |
| | **£** | £ |
| Cost of investment | **10,000** | 10,000 |

The Company owns 100% of the ordinary share capital of Liverpool Airport Development Limited, a company incorporated in England and Wales.

## 10. Debtors

| | **2001** | 2000 |
|---|---|---|
| | **£** | £ |
| Trade debtors | **880,155** | 979,474 |
| Amounts owed by group undertakings | **66,410** | 45,536 |
| Other debtors:- all repayable in one year | **363,516** | 295,202 |
| Prepayments and accrued income | **415,252** | 335,280 |
| | **1,725,333** | 1,655,492 |

*The amounts owed by group undertakings comprise*

| | | |
|---|---|---|
| Parent and fellow subsidiary undertakings | **66,410** | 45,536 |

## 11. Creditors *(amounts falling due within one year)*

| | **2001** | 2000 |
|---|---|---|
| | **£** | £ |
| Bank loans and overdrafts | **13,936,906** | 14,798,091 |
| Obligations under finance leases (see note 13) | **190,175** | 381,713 |
| Trade creditors | **26,464** | 1,009,136 |
| Amounts owed to group undertakings | **14,241,874** | 512,867 |
| Taxation and social security | **141,473** | 142,438 |
| Accruals and deferred income | **2,079,069** | 1,826,271 |
| Unamortised capital grant | **299,326** | 297,388 |
| | **30,915,287** | 18,967,904 |

*The amounts owed to group undertakings comprise*

| | | |
|---|---|---|
| Parent and fellow subsidiary undertakings | **14,241,874** | 512,867 |

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

**12. Creditors** *(amounts falling due after more than one year)*

| | 2001 £ | 2000 £ |
|---|---|---|
| Bank loans and overdrafts | **396,248** | 466,704 |
| Obligations under finance leases (see note 13) | **569,712** | 509,082 |
| Unamortised capital grant | **6,533,379** | 6,584,563 |
| | **7,499,339** | 7,560,349 |

**13. Obligations under finance leases**

| | 2001 £ | 2000 £ |
|---|---|---|
| Amounts payable within one year | **234,878** | 428,744 |
| In the second to fifth years inclusive | **629,075** | 571,709 |
| Less finance charges allocated to future years | **(104,066)** | (109,658) |
| | **759,887** | 890,795 |

Finance leases are analysed as follows;

| | 2001 £ | 2000 £ |
|---|---|---|
| Due within one year | **190,175** | 381,713 |
| Due in the second to fifth years inclusive | **569,712** | 509,082 |
| | **759,887** | 890,795 |

**14. Called-up Share Capital**

| Number | Authorised | 2001 £ | 2000 £ |
|---|---|---|---|
| | Ordinary shares of £1.00 each | | |
| 12,000,000 | Class 'A' | **12,000,000** | 12,000,000 |
| 21,040,000 | Class 'B' | **21,040,000** | 21,040,000 |
| 33,040,000 | | **33,040,000** | 33,040,000 |

**Allotted, Called-up and Fully Paid**

| Number | | 2001 £ | 2000 £ |
|---|---|---|---|
| | Ordinary shares of £1.00 each ranking for dividend | | |
| 12,000,000 | Class 'A' | **12,000,000** | 12,000,000 |
| 21,040,000 | Class 'B' | **21,040,000** | 21,040,000 |
| 33,040,000 | | **33,040,000** | 33,040,000 |

**NOTES TO THE ACCOUNTS (continued)**
*for the year ended 31 March 2001*

Following the year end there has been a re-designation of the A & B Ordinary shares into Ordinary Shares. Share capital is now made up as follows:-

Authorised and Fully Paid

| Number | | 2001<br>£ |
|---|---|---|
| 33,040,000 | Ordinary Shares | **33,040,000** |

The reorganisation of the share capital follows the acquisition of the Class 'B' shares.

## 15. Share Premium

Shares issued in consideration for assets transferred to the Company on its formation were issued at a premium of £2,500,000.

## 16. Profit and Loss account

| | 2001<br>£ |
|---|---|
| Retained loss brought forward | **14,860,102** |
| Loss for the year | **5,931,648** |
| Retained loss carried forward | **20,791,750** |

## 17. Reconciliation of movements in Equity Shareholders' Funds

| | **Year to 31 March 2001 £** | Year to 31 March 2000 £ |
|---|---|---|
| Loss for the financial year | **(5,931,648)** | (1,818,827) |
| Opening shareholders' funds | **20,679,898** | 22,498,725 |
| Closing shareholders' funds | **14,748,250** | 20,679,898 |

## 18. Commitments

| | **2001** | 2000 |
|---|---|---|
| | **£** | £ |
| Contracted | **31,645,000** | 7,670,000 |

Grant aid to be received in relation to the above commitments at 31 March 2001 was £8.5m *(2000: £1.2m)*

## 19. Pension Scheme

The company operates a defined contribution pension scheme. Employer's contributions are at the rates of 6% and 8% and the charge for the year was £168,252 *(2000: £81,942).* At 31 March 2001, the value of contributions outstanding was £Nil (*2000: £Nil*).

One employee of the company belongs to the Merseyside Superannuation Scheme. The Scheme, which is a defined benefit scheme, is operated in accordance with the Local Government Superannuation Regulations. Contributions to this Scheme are based on pension costs determined by independent qualified actuaries and are charged to the profit and loss account so as to spread the cost of pensions over the members' working lives. The contribution rate for the year ended 31 March 2001 was 0% *(charge for 2000: £Nil).*

## 20. Operating Leases

The company is committed to the following annual future payments under non-cancellable operating leases on vehicles as follows:

| | **2001** | 2000 |
|---|---|---|
| | **£** | £ |
| Expiring within: | | |
| One year | **24,823** | 13,020 |
| Between two and five years | **24,492** | 10,742 |
| | **49,315** | 23,762 |

## 21. Holding Companies

The ultimate holding company is Tokenhouse Holdings Limited, a company incorporated in Guernsey.

The largest group of undertakings, of which the group is a member, that produces consolidated accounts is Peel Holdings p.l.c., a company registered in England. Its group accounts are available from the Company Secretary, Peel Holdings p.l.c. at Peel Dome, The Trafford Centre, Manchester M17 8PL.

## Economic Regulations

The company is subject to economic regulations under the Airports Act 1986 which requires the Airport to hold permission from the Civil Aviation Authority to levy airport charges.

From 1 April 1988, the operational activities are required to be allocated between airport charges levied in connection with the landing, parking and taking-off of aircraft (including passenger related charges) and other operational income.

All revenue and costs arising from non-operational activities, such as items where the income is not primarily from airport users, is required to be shown in a separate category.

The following have been quantified by means of apportioning the use of the Airport's accommodation and services.

*Airport Operational Activities*

| | | **Year to 31 March 2001** | | Year to 31 March 2000 |
|---|---|---|---|---|
| | **£** | **£** | £ | £ |
| **Airport Charges:** | | | | |
| Revenue | **7,631,906** | | 6,862,697 | |
| Costs | **(9,189,663)** | | (8,424,703) | |
| | | **(1,557,757)** | | (1,562,006) |
| **Other Income:** | | | | |
| Revenue | **4,767,222** | | 3,194,257 | |
| Costs | **(2,975,143)** | | (2,636,752) | |
| | | **1,792,079** | | 557,505 |
| **Non-Operational Activities:** | | | | |
| Net interest receivable / payable | | **(1,562,970)** | | (819,257) |
| Exceptional item | | **(4,603,000)** | | - |
| **Loss on ordinary activities before taxation** | | **(5,931,648)** | | (1,823,758) |

The 'other income' category includes concession and rental income.

**Auditors' Report to the Directors of Liverpool Airport PLC**

We have examined the additional financial information set out on page 19, which has been prepared for the reason set out on that page.

The directors are responsible for the preparation of this additional financial information. Under the terms of our engagement it is our responsibility to examine that financial information and to report to the Civil Aviation Authority on compliance with the requirements of the Accounts Conditions issued by the Civil Aviation Authority under sections 40(1)(a) and 41(l) of the Airports Act 1986.

**Opinion**

In our opinion, the additional financial information set out on page 19 is fairly stated and properly prepared in accordance with the requirements of the Accounts Conditions issued by the Civil Aviation Authority under sections 40(1)(a) and 41(1) of the Airports Act 1986.

Binder Hamlyn

Binder Hamlyn
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29 June 2001