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**LIVERPOOL AIRPORT PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

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# LIVERPOOL AIRPORT PLC

## CONTENTS

	<b>Page</b>
Company information	1
Directors' report	2 - 5
Independent auditors' report	6 - 7
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the financial statements	11 - 21

# LIVERPOOL AIRPORT PLC

## COMPANY INFORMATION

### Directors

John Whittaker  
Robert Hough DL, LL B (Chairman)  
Andrew Simpson A C A  
Mark Whitworth  
Peter Scott F C C A  
Paul Wainscott A C I S  
Peter Hosker LL B  
Neil Pakey  
Cllr John Fletcher (resigned 16 May 2006)  
Cllr Ronald Round  
Cllr Alan Jennings  
Cllr Peter Millea  
Anthony Robertson  
Brian Spencer

### Secretary

Neil Lees A C I S

### Company number

2116704

### Registered office

Peel Dome  
The Trafford Centre  
Manchester  
M17 8PL

### Auditors

Deloitte & Touche LLP  
Manchester

### Bankers

Barclays Bank Plc

# **LIVERPOOL AIRPORT PLC**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007**

The directors present their report and financial statements for the year ended 31 March 2007

### **Principal activities and review of the business**

The principal activity of the company is the operational control and management of Liverpool John Lennon Airport and the provision of associated facilities and services

In total, passenger numbers grew from 4,647,859 passengers in the previous year to 5,114,534 passengers in the current year, which represents a strong positive growth of 10%, largely as a result of Ryanair's continued investment in more air services and destinations. The number of scheduled destinations served from Liverpool, which numbered only 3 in 1997, grew to 57 destinations at the end of March 2007, which consolidated Liverpool's position as the third largest UK regional airport for international scheduled passengers behind Manchester and Birmingham.

The loss of the Royal Mail contract, with the Royal Mail changing to later first class delivery times, combined with the demise of Emerald Airways, led to a decline of 51% of total cargo throughput from 14,881 tonnes in the previous year to 7,333 tonnes in the current year. TNT however grew their presence in committing to a £5.6m facility (4.3 acre site generating 110 new jobs with approximately 200 jobs in total) which will focus on development of both air and road cargo and the inter-modality between the two.

The airport made an operating profit of £582,000 (2006: £600,000), with an EBITDA of £5,872,000 (2006: £5,765,000) and continued to invest in its assets and infrastructure spending £23.7m in the year which compared to £17.8m in 2006.

### **Results and Financial Performance**

The Company's results and financial position are set out in the profit and loss account and balance sheets on pages 8 and 10.

As shown in the profit and loss account, turnover for the year totalled £31.73m compared to £28.79m in the previous year. There was an operating profit of £582,000 compared to £600,000 in the previous period. Operating costs have increased from £6.6m to £12.1m, largely as a result of increased payroll costs.

Net assets decreased by £1.80m from £27.24m at 31st March 2006 to £25.62m at 31st March 2007. This increase was due to the net loss recorded in the year.

No dividend can be paid (2006: £nil).

# **LIVERPOOL AIRPORT PLC**

## **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2007**

### **Risks and Uncertainties**

The cost of security provision, coming from the need to protect our national air borders, continues to rise. The introduction of the liquid restrictions and liquid testing regime plays a significant operational and additional financial burden on the airport with costs that cannot in all cases be recovered from airlines or passengers.

The Government's white paper on aviation published in November 2003, considers taxing aviation to be a 'blunt instrument'. Nevertheless, this tax was doubled in February 2007 on the grounds that the monies raised would be channelled back into aviation in environmental solutions and improvements in public transport. There is no evidence to demonstrate either of these investments is yet happening.

The UK aviation market growth rate has been under significant pressure due to the continued rise in interest rates which results in less disposable income being available for travel and holiday spend. Secondly, air travellers have been burdened with additional rise in air passenger duty which has had a negative impact on the UK domestic air travel which is now becoming less competitive when compared against growing number of high frequency train services and other ground mode transport services which continue to receive government subsidies unlike air travel sector.

Other risks include any future planning applications being delayed or turned down, the price of fuel making some operations unsustainable and the risk that regions across Europe, competing for a limited airline resource, will offer far greater regional incentives than are available in the UK.

### **Airport Economic Regulations**

The company is subject to economic regulations under the Airports Act 1986 which require the Airport to hold permission from the Civil Aviation Authority to levy airport charges. The allocation of airport operational activities of the Company are discussed in note 3.

# LIVERPOOL AIRPORT PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### Directors and their interests

The following directors have held office during the financial year

John Whittaker  
Robert Hough DL, LL B (Chairman)  
Andrew Simpson A C A (appointed 11th May 2006)  
Peter Scott F C C A  
Paul Wainscott A C I S  
Peter Hosker LL B  
Neil Pakey  
John Fletcher  
Ronald Round  
Alan Jennings  
Peter Millea  
Anthony Robertson  
Brian Spencer

The following director has been appointed after the year end

M Whitworth (appointed 10th April 2007)

The directors have no interests in the share capital of the company

John Whittaker, Andrew Simpson, Mark Whitworth, Peter Scott and Paul Wainscott are also directors of the intermediate holding company, Peel Holdings (Airports) Limited, in whose accounts their beneficial interests in the shares and financial instruments of that company, companies within the Peel Holdings (Airports) Limited group and the ultimate holding company, Tokenhouse Holdings Limited, are disclosed

### Employee involvement

Regular meetings are held involving senior management and trade union representatives of all employees to convey information about the business. During the year, the company has provided training for all 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

### 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

Charitable donations	2007	2006
	£	£
During the year the company made the following payments		
Charitable donations	433	250

# LIVERPOOL AIRPORT PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

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.

### Auditors and the disclosure of information to the auditor

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

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

On behalf of the Board



**N. Lees**  
Secretary

21 September 2007

# **LIVERPOOL AIRPORT PLC**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT PLC**

We have audited the financial statements of Liverpool Airport Plc for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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).

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 other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **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.



# LIVERPOOL AIRPORT PLC

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT PLC (continued)

### 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 March 2007 and of its loss 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

*Deloitte & Touche LLP*

Deloitte & Touche LLP

28.9.2007

Chartered Accountants  
Manchester, United Kingdom

# LIVERPOOL AIRPORT PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover	2	31,729,276	28,798,525
Cost of sales		(19,041,648)	(18,780,259)
<b>Gross profit</b>		<b>12,687,628</b>	<b>10,018,266</b>
Administrative expenses		(12,105,372)	(9,418,117)
<b>Operating profit</b>	<b>4</b>	<b>582,256</b>	<b>600,149</b>
Other interest receivable and similar income	5	44,999	144,710
Interest payable and similar charges	6	(3,648,585)	(3,148,788)
<b>Loss on ordinary activities before taxation</b>		<b>(3,021,330)</b>	<b>(2,403,929)</b>
Tax on loss on ordinary activities	7	1,221,370	734,553
<b>Loss for the financial year</b>	<b>16</b>	<b>(1,799,960)</b>	<b>(1,669,376)</b>

All of the above results derive from continuing operations

# LIVERPOOL AIRPORT PLC

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

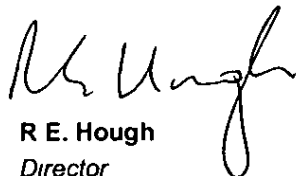
	Notes	2007 £	2006 £
Loss for the financial year		(1,799,960)	(1,669,376)
Surplus on revaluation of investments properties	8	184,200	-
<b>Total gains and losses recognised since the last financial statements</b>		<u>(1,615,760)</u>	<u>(1,669,376)</u>

# LIVERPOOL AIRPORT PLC

## BALANCE SHEET AS AT 31 MARCH 2007

	Notes	£	2007 £	£	2006 £
<b>Fixed assets</b>					
Tangible assets	8		123,034,212		105,768,089
Investments	9		10,000		10,000
			<u>123,044,212</u>		<u>105,778,089</u>
<b>Current assets</b>					
Debtors	10	5,942,553		4,308,368	
Cash at bank and in hand		4,439		1,102	
			<u>5,946,992</u>	<u>4,309,470</u>	
<b>Creditors amounts falling due within one year</b>	11	(78,328,952)		(63,006,902)	
<b>Net current liabilities</b>			<u>(72,381,960)</u>		<u>(58,697,432)</u>
<b>Total assets less current liabilities</b>			50,662,252		47,080,657
<b>Creditors amounts falling due after more than one year</b>	12		(25,038,062)		(19,840,707)
<b>Net assets</b>			<u>25,624,190</u>		<u>27,239,950</u>
<b>Capital and reserves</b>					
Called up share capital	15		53,040,000		53,040,000
Share premium account	16		2,500,000		2,500,000
Revaluation reserve	16		184,200		-
Profit and loss account	16		(30,100,010)		(28,300,050)
<b>Equity shareholders' funds</b>	17		<u>25,624,190</u>		<u>27,239,950</u>

Approved by the Board and authorised for issue on 21 September 2007

  
R E. Hough  
Director

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared on the going concern basis under the historical cost convention

As permitted by Financial Reporting Standard No 1 (revised) "Cash Flow Statements", the company has not prepared a cash flow statement as the company is a wholly owned subsidiary undertaking of the Peel Holdings (Airports) Limited group of companies. Peel Holdings (Airports) Limited is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 1985, which include a consolidated group cash flow statement

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards

#### 1.3 Turnover

Turnover represents amounts receivable by the company in respect of facilities and services provided during the year and is recognised as the services are provided

Turnover excludes sales related tax

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	rates varying between 2% and 15% per annum
Assets in the course of construction	no depreciation
Runways, lighting and car parks	rates varying between 1% and 5% per annum
Other assets	rates varying between 10% and 25% per annum
Investment properties	No depreciation

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### 1.6 Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. Cost represents the aggregate cash consideration, costs incurred and either the fair or the nominal value of shares issued

#### 1.7 Pensions

The pension costs charged in the financial statements in respect of the defined contribution pension scheme represent the contributions payable by the company during the year in accordance with FRS 17

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 1 Accounting policies (continued)

#### 1.8 Taxation

Corporation tax payable is provided on taxable profits at the current rate

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis.

#### 1.9 Group accounts

Group accounts have not been prepared as permitted by section 228 of the Companies Act 1985 as the company is itself a wholly owned subsidiary of a body corporate incorporated in the United Kingdom. The financial statements thus provide information about the company as a single entity and not about its group.

#### 1.10 Related Party Disclosures

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" and has not disclosed details of transactions with fellow wholly owned undertakings within the Peel Holdings (Airports) Limited group of companies.

#### 1.11 Government Grants

Government grants received in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful life of the assets.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 3 Airport Economic Regulations

Included in operating profit are the following amounts in respect of airport operational activities

	2007 £	2006 £
<b>Airport Charges</b>		
Revenue	13,148,517	13,432,276
Costs	(19,052,018)	(19,749,046)
	<u>(5,903,501)</u>	<u>(6,316,770)</u>
<b>Other income:</b>		
Revenue	18,580,759	15,366,249
Costs	(12,095,002)	(8,449,330)
	<u>6,485,757</u>	<u>6,916,919</u>
<b>Operating profit</b>	<u>582,256</u>	<u>600,149</u>

The 'other income' category includes concession and rental income

<b>4 Operating profit</b>	2007 £	2006 £
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	6,605,509	6,436,114
(Profit)/loss on disposal of tangible assets	(69,602)	211
Operating lease rentals		
- Plant and machinery	46,365	50,887
Fees payable to the company's auditor		
- in respect of the statutory audit	15,000	15,000
- in respect of other services	-	-
Government grants	<u>(1,315,829)</u>	<u>(1,304,783)</u>

<b>5 Interest receivable</b>	2007 £	2006 £
Bank interest	44,999	98,985
On amounts owed by group undertakings	-	45,725
	<u>44,999</u>	<u>144,710</u>

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

<b>6</b>	<b>Interest payable</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	1,666,000	1,302,116
	On bank loans and overdrafts	1,982,585	1,829,262
	Hire purchase interest	-	17,410
		<u>3,648,585</u>	<u>3,148,788</u>
<b>7</b>	<b>Taxation</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>UK current year tax</b>		
	Adjustment for prior years	(246,242)	(734,553)
	Payments in respect of Group relief	(975,128)	-
	<b>Current tax credit</b>	<u>(1,221,370)</u>	<u>(734,553)</u>
	<b>Factors affecting the tax credit for the year</b>		
	Loss on ordinary activities before taxation	<u>(3,021,330)</u>	<u>(2,403,929)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2006 30%)	<u>(906,399)</u>	<u>(721,179)</u>
	Effects of		
	Non deductible expenses	87,767	19,214
	Capital allowances in excess of depreciation	(320,276)	(313,292)
	Movement in short term timing differences	11,999	-
	Tax losses generated	-	401,006
	Other deferred tax movements	151,781	614,251
	Adjustments to previous periods	-	228,465
	Adjustments to previous periods - Group relief surrender	(246,242)	(963,018)
		<u>(314,971)</u>	<u>(13,374)</u>
	<b>Current tax credit</b>	<u>(1,221,370)</u>	<u>(734,553)</u>

The company has available trading losses carried forward at 31 March 2007 of £4,519,610 2006 £5,376,380)



# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 8 Tangible fixed assets

	Land and buildings Freehold	Assets in the course of construction	Runways lighting and car parks	Investment properties	Other assets	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1st April 2006	78,731,271	4,544,986	31,485,856	-	27,622,406	142,384,519
Additions	3,077,236	20,397,796	-	-	221,133	23,696,165
Revaluations	-	-	-	184,200	-	184,200
Disposals	-	-	-	-	(394,759)	(394,759)
At 31st March 2007	<u>81,808,507</u>	<u>24,942,782</u>	<u>31,485,856</u>	<u>184,200</u>	<u>27,448,780</u>	<u>165,870,125</u>
<b>Depreciation</b>						
At 1st April 2006	13,910,641	-	6,856,194	-	15,849,595	36,616,430
On disposals	-	-	-	-	(386,026)	(386,026)
Charge for the year	2,632,997	-	422,051	-	3,550,461	6,605,509
At 31st March 2007	<u>16,543,638</u>	<u>-</u>	<u>7,278,245</u>	<u>-</u>	<u>19,014,030</u>	<u>42,835,913</u>
<b>Net book value</b>						
At 31st March 2007	<u>65,264,869</u>	<u>24,942,782</u>	<u>24,207,611</u>	<u>184,200</u>	<u>8,434,750</u>	<u>123,034,212</u>
At 31st March 2006	<u>64,820,630</u>	<u>4,544,986</u>	<u>24,629,662</u>	<u>-</u>	<u>11,772,811</u>	<u>105,766,089</u>

#### Valuations:

The companies investment property rights associated with Telecommunications assets were professionally valued by King Sturge on the basis of open market value as at 31 March 2007

Included above are assets held under finance leases or hire purchase contracts as follows

	Other assets
	£
<b>Net book values</b>	
At 31 March 2007	<u>1,157,615</u>
At 31 March 2006	<u>1,380,990</u>
<b>Depreciation charge for the year</b>	
At 31 March 2007	<u>365,304</u>
At 31 March 2006	<u>336,778</u>

At 31st March 2007, freehold land and buildings includes freehold land which is not subject to depreciation in the amount of £10,723,743 (2006 £10,291,118)

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 9 Fixed asset investments

	Shares in subsidiary undertakings
	£
<b>Cost and net book value</b>	
At 1 April 2006 & at 31 March 2007	10,000

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

10 Debtors	2007	2006
	£	£
Trade debtors	3,027,139	2,107,112
Amounts owed by parent and fellow subsidiary undertakings	2,030,766	1,227,266
Corporation tax	1,163	1,163
Other debtors	391,291	679,280
Prepayments and accrued income	492,194	293,547
	<u>5,942,553</u>	<u>4,308,368</u>

11 Creditors amounts falling due within one year	2007	2006
	£	£
Bank loans and overdrafts	32,972,981	30,661,308
Net obligations under hire purchase contracts	279,013	161,064
Trade creditors	2,781,875	5,393,745
Amounts owed to parent and fellow subsidiary undertakings	38,436,964	23,341,487
Other taxes and social security	257,697	245,152
Other creditors	6,335	29,698
Capital grant	1,315,830	1,529,783
Accruals and deferred income	2,278,257	1,644,665
	<u>78,328,952</u>	<u>63,006,902</u>

Details of security on the above are disclosed in the following note

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

12 Creditors amounts falling due after more than one year	2007 £	2006 £
Bank loans	5,641,823	358,406
Net obligations under hire purchase contracts	180,715	351,322
Capital grant	19,215,524	19,130,979
	<u>25,038,062</u>	<u>19,840,707</u>
<b>Analysis of loans</b>		
Repayable after more than five years	5,950,000	-
Wholly repayable within five years	-	636,572
	<u>5,950,000</u>	<u>636,572</u>
Included in current liabilities	(308,177)	(278,166)
	<u>5,641,823</u>	<u>358,406</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	316,358	358,406
In more than two years but not more than five years	1,004,022	-
In more than five years	4,321,443	-
	<u>5,641,823</u>	<u>358,406</u>
<b>Net obligations under hire purchase contracts</b>		
In more than one year but not more than two years	180,715	170,607
In more than two years but not more than five years	-	180,715
	<u>180,715</u>	<u>351,322</u>

Finance lease obligations are secured on the assets to which they relate

The bank loan is secured by a debenture giving a fixed charge over all land and other fixed assets and a floating charge over all other assets of the company. The loan bears interest at LIBOR plus applicable margin.

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 13 Provisions for liabilities and charges

Deferred taxation movements in the financial statements are as follows:

	2007 £	2006 £
Accelerated capital allowances	2,243,792	2,096,781
Other timing differences	(2,243,792)	(2,096,781)
	<u>-</u>	<u>-</u>

In accordance with FRS 19, no asset has been recognised for a potential deferred tax asset of £5,474,100 (2006 £5,714,361) created by tax losses and other timing differences as the losses are not expected to be utilised in the foreseeable future

### 14 Pension costs

#### Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund in accordance with the rules of the scheme.

	2007 £	2006 £
Contributions payable by the company for the year	<u>266,082</u>	<u>251,006</u>

### 15 Share capital

	2007 £	2006 £
<b>Authorised</b>		
70,000,000 Ordinary shares of £1 each	<u>70,000,000</u>	<u>70,000,000</u>
<b>Allotted, called up and fully paid</b>		
53,040,000 Ordinary shares of £1 each	<u>53,040,000</u>	<u>53,040,000</u>

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 16 Statement of movements on reserves

	Revaluation reserve £	Share premium account £	Profit and loss account £
Balance at 1st April 2006	-	2,500,000	(28,300,050)
Loss for the year	-	-	(1,799,960)
Unrealised surplus on revaluation of tangible fixed assets	184,200	-	-
	<u>184,200</u>	<u>2,500,000</u>	<u>(30,100,010)</u>

### 17 Reconciliation of movements in equity shareholders' funds

	2007 £	2006 £
Loss for the financial year	(1,799,960)	(1,669,376)
Other recognised gains and losses	184,200	-
Net reduction to equity shareholders' funds	<u>(1,615,760)</u>	<u>(1,669,376)</u>
	27,239,950	28,909,326
Closing equity shareholders' funds	<u>25,624,190</u>	<u>27,239,950</u>

### 18 Contingent liabilities

At 31 March 2007, the company had guaranteed bank loans of other group companies amounting to £35,000,000 (2006 £35,000,000)

### 19 Financial commitments

At 31 March 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2008

	Other 2007 £	2006 £
Operating leases which expire		
Within one year	34,326	19,280
Between two and five years	24,525	23,491
	<u>58,851</u>	<u>42,771</u>

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

<b>20 Capital commitments</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>

At 31 March 2007 the company had capital commitments as follows

Contracted for but not provided in the financial statements	5,091,000	10,097,000
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<b>21 Directors' emoluments</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>

Emoluments for qualifying services	146,908	134,024
Company pension contributions to money purchase schemes	8,034	7,800
	<u>154,942</u>	<u>141,824</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2006 - 1)

## 22 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was

	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
Administration	15	15
Airport operational and maintenance	447	424
	<u>462</u>	<u>439</u>

<b>Employment costs</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages and salaries	10,049,799	9,296,001
Social security costs	956,187	915,259
Other pension costs	266,082	251,006
	<u>11,272,068</u>	<u>10,462,266</u>

# LIVERPOOL AIRPORT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

### 23 Control

The ultimate holding company for the period is Tokenhouse Investments (Guernsey) Limited, a company incorporated in Guernsey. Tokenhouse Investments (Guernsey) Limited is controlled by the 1997 Billown settlement trust.

The largest group of undertakings, of which the company is a member, that produces consolidated accounts is Peel Holdings (Guernsey) Limited, a company registered in Guernsey. Its group accounts will be available from the Company Secretary, Frances House, Sir William Place, St Peter Port, Guernsey.

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

### 24 Post Balance Sheet Events

As a result of the Budget announced by the Chancellor of the Exchequer on 21 March 2007, the rate of corporation tax for large companies in the United Kingdom will reduce from 30% to 28% from April 2008 and that the corporation tax rates for small companies will be increased from 19% to 22% over the next three years. Capital allowances will be reformed from April 2008, with a new 20% rate for plant and machinery assets (down from 25%) and a new 10% rate for long life assets (up from 6%). As part of the capital allowance reforms, Industrial Buildings Allowances will also be phased out from April 2008. The impact of these changes is not expected to be material.