LIVERPOOL AIRPORT PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2008

COMPANY NUMBER 2116704

Contents

Directors, Professional Advisers and Registered Office

Directors: John Whittaker
Robert Hough (Chairman)
Andrew Simpson
Mark Whitworth
Paul Wainscott
Peter Hosker
Neil Pakey
Cllr Ronald Round
Cllr Alan Jennings
Cllr Peter Millea
Anthony Robertson
Brian Spencer
Neil Lees
Steven Underwood

Secretary: Neil Lees A C I S

Company number: 2116704

Registered Office: Peel Dome
The Trafford Centre
Manchester
M17 8PL

Accountants. Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
Manchester
United Kingdom

Bankers: Barclays Bank Plc

Report of the Directors *for the year ended 31st March 2008*

The directors present their report and audited financial statements for the year ended 31 March 2008

Principal Activities and Review of the Business

The principal activity of the Company is the operational control and management of Liverpool John Lennon Airport (LJLA) and the provision of associated facilities and services

In total, passenger numbers grew from 5,114,534 passengers in the previous year to 5,560,686 passengers in the current year, which represents a strong positive growth of 8%, largely as a result of easyJet's and Ryanair's continued investment in more air services and destinations at LJLA The number of scheduled destinations served from Liverpool, in March 1997 was 3, this grew to over 60 routes served in March 2008, which consolidated Liverpool's position as one of Europe's fastest growing regional airports

easyJet added new services to Lisbon and Innsbruck and announced a Jersey service from Liverpool for 2008 The airline marked a huge milestone as it celebrated 10 years of operation from its Liverpool base Since easyJet began flights from Liverpool in 1997, it carried over 17 million passengers and now have eight aircraft based at Liverpool with flights to 19 destinations easyJet also announced expansion of its Liverpool base with the addition of 2 additional based aircraft by 2010 The airline continues to show its strong commitment to the city and the region

Ryanair commenced a number of new routes linking the airport with some key European destinations for the very first time Two of these unique services included the Hungarian City of Budapest and Stockholm in Sweden The further new services included Bydgoszcz and Lodz in Poland, Madrid, Belfast City, Valencia and Canary Islands, Fuerteventura and Tenerife with two returning routes to Salzburg and Grenoble

In May 2007, Flyglobespan commenced its Liverpool services to New York and Toronto However, despite a significant demand from the region for the services these were stopped in October due to a number of technical problems the airline had with the leased aircraft used to operate the route

There were 631 freighter movements in the year carrying over 3,700 tons of cargo The new TNT facility has been completed and is now fully operational It has enabled TNT to consolidate their position in the NW region with Liverpool as its hub Their online presence is significant and positions the airport well for growth in TNT's own traffic and the establishment of other base operators and services

Liverpool John Lennon Airport believes it is the first commercial airport in the UK to install and operate wind turbines as it explores ways in which to minimize the impact of the Airport Company's operations

The airport made an operating profit of £4 58m (2007 £0 58m), with an EBITDA of £8 53m (2007 £5 87m) and continued to invest in its assets and infrastructure spending £19 9m in the year which compared to £23 7m in 2007

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 10 and 12

As shown in the profit and loss account, turnover for the year totalled £34 40m compared to £31 73m in the previous year There was an operating profit of £4 583m compared to £0 582m in the previous year whilst the net assets increased by £7 23m from £25 62m at 31st March 2007 to £32 85m at 31st March 2008 This increase was due to the net profit recorded in the year

No dividend can be paid (2007 £nil)

Report of the Directors *for the year ended 31st March 2008 (continued)*

Risks and Uncertainties

As previously reported the cost of security provision, arising from the need to protect our national air borders, continues to increase The continuation of the liquid restrictions and liquid testing regime at UK airports represents one of the major operational and significant financial burdens on our airports It should be highlighted that the cost resulting from having these security measures maintained at our airports 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' Thus Air Passenger Duty ("APD") 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 We have not seen any evidence to demonstrate either of these investments is yet happening The Government's latest proposals to scrap APD and replace it with Aviation Duty (AD) represents a further step back and is viewed by the industry as a significant increase in aviation taxation that can not be justified

Peel Airports continue to take an active part through the AOA activity in lobbying the Government against the current trend of burdening further the UK aviation industry with additional taxation

The UK aviation market growth rate slowed down especially in the domestic market sector This trend could be attributed to continued significant pressure stemming from the growing 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 as previously referred to, which continues to have a negative impact on UK domestic air travel which is now becoming less competitive when compared against a growing number of high frequency train services and other ground mode transport services which continue to receive government subsidies unlike the air travel sector thus creating an uneven playing field

Other risks include

- Any future planning applications being delayed or turned down,
- The price of fuel making some operations unsustainable,
- The risk that regions across Europe, competing for a limited airline resource, will offer far greater regional incentives than are available in the UK,
- Continued Government's pressure on the industry in the form of additional aviation taxation,
- Introduction of the Government's legislation on Airport policing and financing of policing at UK Airports which could result in many regional airports being unable to meet the costs of operations,
- The risk of possible loss of share of commercial revenues resulting from the recently proposed limited sale of duty free goods and restricted display and sale of tobacco at UK airports, and
- The risk of loss of regional services to London Airports (LHR) due to lack of capacity, increased airport fees at LHR and doubling of the APD is growing

The Group is exposed to interest rate fluctuations as it is financed by variable rate debt

Report of the Directors *for the year ended 31st March 2008 (continued)*

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 is discussed in note 3

Directors and their Interests

Except as stated, the following directors have held office during the year and thereafter

John Whittaker	
Robert Hough (Chairman)	
Andrew Simpson	
Mark Whitworth	(appointed 10th April 2007)
Peter Scott	(resigned 12th March 2008)
Paul Wainscott	
Peter Hosker	
Neil Pakey	
Cllr Ronald Round	
Cllr Alan Jennings	(reappointed 28th May 2008)
Cllr Peter Millea	(reappointed 28th May 2008)
Anthony Robertson	(reappointed 28th May 2008)
Brian Spencer	(reappointed 28th May 2008)
Neil Lees	(appointed 26th March 2008)
Steven Underwood	(appointed 26th March 2008)

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

John Whittaker, Robert Hough, Andrew Simpson, Mark Whitworth, Steven Underwood, Neil Lees 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 Investments (Guernsey) Limited, are disclosed

Report of the Directors *for the year ended 31st March 2008 (continued)*

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

During the year the company made charitable donations of £10,705 (2007 £433)

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing 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

Report of the Directors *for the year ended 31st March 2008 (continued)*

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

30 September 2008

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 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23 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

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 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester
United Kingdom
30 September 2008

Profit and Loss Account *for the year ended 31st March 2008*

	Note	2008 £	2007 £
Turnover	2	34,395,966	31,729,276
Costs of sales		(18,055,788)	(19,041,648)
Gross profit		16,340,178	12,687,628
Administrative expenses		(11,756,831)	(12,105,372)
Operating profit	4	4,583,347	582,256
Interest receivable and similar income	5	26,491	44,999
Interest payable and similar charges	6	(5,158,997)	(3,648,585)
Loss on ordinary activities before taxation		(549,159)	(3,021,330)
Tax on loss on ordinary activities	7	7,774,280	1,221,370
Profit/(loss) for the financial year	16	7,225,121	(1,799,960)

All of the above results derive from continuing operations

Statement of total recognised gains and losses *for the year ended 31st March 2008*

	Note	2008 £	2007 £
Profit/(loss) for the financial year		7,225,121	(1,799,960)
Surplus on revaluation of investment properties	**17**	-	184,200
Total gains and losses recognised since the last financial statements		7,225,121	(1,615,760)

Balance sheet *as at 31st March 2008*

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	8		136,731,062		123,034,212
Investments	9		10,000		10,000
			136,741,062		123,044,212
Current assets					
Debtors	10	14,428,711		5,942,553	
Cash at bank and in hand		153,493		4,439	
		14,582,204		5,946,992	
Creditors: amounts falling due within one year	11	(95,565,204)		(78,328,952)	
Net current liabilities			(80,983,000)		(72,381,960)
Total assets less current liabilities			55,758,062		50,662,252
Creditors amounts falling due after more than one year	12		(22,908,751)		(25,038,062)
Net assets			32,849,311		25,624,190
Capital and reserves					
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		184,200
Profit and loss account	16		(22,874,889)		(30,100,010)
Equity shareholders' funds	17		32,849,311		25,624,190

Approved by the Board and authorised for issue on 30 September 2008

Director

Notes to the Financial Statements *for the year ended 31st March 2008*

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 which have been applied consistently throughout the current and preceding year

1.3 Turnover

Turnover comprising airport charges, rental and other 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 taxes

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 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

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

1. Accounting Policies *(continued)*

1.7 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

1.8 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

1.9 Related Party Transactions

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 10 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

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

3. Airport Economic Regulations

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

	2008 £	2007 £
Airport charges.		
Revenue	12,836,058	13,148,517
Costs	(18,055,788)	(19,052,018)
	(5,219,730)	(5,903,501)
Other income:		
Revenue	21,559,908	18,580,759
Costs	(11,756,831)	(12,095,002)
	9,803,077	6,485,757
Operating profit	4,583,347	582,256

The 'other income' category includes concession and rental income

4. Operating profit

	2008 £	2007 £
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	6,190,630	6,605,509
Profit on disposal of tangible assets	(26,275)	(69,602)
Operating lease rentals		
- Plant and machinery	66,269	46,365
Fees payable to the company's auditor		
- in respect of the statutory audit	15,000	15,000
- in respect of other services	17,500	-
Government grants	(2,244,981)	(1,315,829)

5 Interest receivable and similar income

	2008 £	2007 £
Bank interest	26,491	44,999

6 Interest payable and similar charges

	2008 £	2007 £
On amounts payable to group companies	2,605,677	1,666,000
On bank loans and overdrafts	2,480,143	1,982,585
Finance lease interest	73,177	-
	5,158,997	3,648,585

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2007

7. Taxation

	2008 £	2007 £
UK current year tax		
Adjustment for prior years	(657,749)	(246,242)
Payment in respect of group relief	(307,808)	(975,128)
Current tax credit	(965,557)	(1,221,370)
Deferred tax		
Origination and reversal of timing differences	(6,808,803)	-
Deferred tax adjustments arising in previous periods	-	-
	(6,808,803)	-
Total tax credit	(7,774,280)	(1,221,370)
Factors affecting the tax credit for the year		
Loss on ordinary activities before taxation	(549,159)	(3,021,330)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2007 30%)	(164,748)	(906,399)
Effects of		
Non deductible expenses	324,097	87,767
Capital allowances in excess of depreciation	(1,058,894)	(320,276)
Movement in short term timing differences	(36,263)	11,999
Other deferred tax movements	628,000	151,781
Adjustments to previous periods – Group relief surrender	(657,749)	(246,242)
	(800,809)	(314,971)
Current tax credit	(965,557)	(1,221,370)

The company has available trading losses carried forward at 31 March 2008 of £4,461,225 (2007 £4,852,610)

8 Tangible Fixed Assets

	Land and buildings freehold £	Assets in the course of construction £	Runways lighting and car parks £	Investment properties £	Other assets £	Total £
Cost or valuation						
At 1st April 2007	81,808,507	24,942,782	31,485,856	184,200	27,448,780	165,870,125
Additions	1,205,272	11,724,852	5,455,619	-	1,543,527	19,929,270
Reclassifications	-	(23,802,386)	15,796,355	-	8,006,031	-
Disposals	-	-	-	-	(71,165)	(71,165)
At 31st March 2008	83,013,779	12,865,248	52,737,830	184,200	36,927,173	185,728,230
Depreciation						
At 1st April 2007	16,543,638	-	7,278,245	-	19,014,030	42,835,913
On disposals	(10)	-	(6,125)	-	(23,240)	(29,375)
Charge for the year	2,327,981	-	699,039	-	3,163,610	6,190,630
At 31st March 2008	18,871,609	-	7,971,159	-	22,154,400	48,997,168
Net book value						
At 31st March 2008	64,142,170	12,865,248	44,766,671	184,200	14,772,773	136,731,062
At 31st March 2007	65,264,869	24,942,782	24,207,611	184,200	8,434,750	123,034,212

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

8 Tangible Fixed Assets (continued)

Valuations.

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

In the opinion of the directors, having consulted the Group's own professionally qualified staff, the current open market value of such options is not materially different from their fair values incorporated in the financial statements

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

	Other Assets
	£
Net book values	
At 31st March 2008	3,270,489
At 31st March 2007	1,157,615
Depreciation charge for the year	
At 31st March 2008	324,458
At 31st March 2007	365,304

At 31st March 2008, freehold land and buildings includes freehold land which is not subject to depreciation in the amount of £9,315,097 (2007 £10,723,743)

9 Fixed Asset Investment

	£
Cost and net book value	
At 1st April 2007 & 31st March 2008	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

	2008	2007
	£	£
Trade debtors	2,845,724	3,027,139
Amounts owed by parent and fellow subsidiary undertakings	1,092,974	2,030,766
Corporation tax	-	1,163
Deferred tax asset (see Note 13)	6,808,723	-
Other debtors	2,246,500	391,291
Prepayments and accrued income	1,434,790	492,194
	14,428,711	5,942,553

The deferred tax asset is due after more than one year

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

11 Creditors. amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	43,912,271	32,972,981
Net obligations under hire purchase contracts	548,813	279,013
Trade creditors	2,914,188	2,781,875
Amounts owed to parent and fellow subsidiary undertakings	43,802,903	38,436,964
Other taxes and social security	257,608	257,697
Other creditors	345,370	6,335
Capital grant	1,868,609	1,315,830
Accruals and deferred income	1,915,442	2,278,257
	95,565,204	78,328,952

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

12 Creditors. amounts falling due after more than one year

	2008 £	2007 £
Bank loans	-	5,641,823
Net obligations under finance leases and hire purchase contracts	2,180,905	180,715
Capital grant	20,727,846	19,215,524
	22,908,751	25,038,062
Analysis of loans		
Repayable after more than five years	-	5,950,000
	-	5,950,000
Included in current liabilities	-	(308,177)
	-	5,641,823
Loan maturity analysis		
In more than one year but not more than two years	-	316,358
In more than two year but not more than five years	-	1,004,022
In more than five years	-	4,321,443
	-	5,641,823
Net obligations under hire purchase contracts		
In more than one year but not more than two years	368,098	180,715
In more than two year but not more than five years	912,807	-
In more than five years	900,000	
	2,180,905	180,715

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

The unutilised element of the £71m bank loan facility and as at 31 March 2008 is £27,087,729 (2007 £36,750,000)

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

13. Deferred tax asset

	Deferred tax £
At 1st April 2007	-
Profit and loss account	6,808,723
At 31st March 2008	6,808,723

Deferred taxation in the financial statements is as follows:

	2008 £	2007 £
Accelerated capital allowances	473,811	(2,243,792)
Other timing differences	6,334,912	2,243,792
	6,808,723	-

Based on profit projections for the group the timing differences relating to grant income relating to grant income taxed on receipt is now expected to be recoverable via group relief in the years of reversal, therefore a deferred tax asset has been established in respect of this timing difference

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

	2008 £	2007 £
Contributions payable by the company for the year	263,884	266,082

15. Share Capital

	2008 £	2007 £
Authorised		
70,000,000 ordinary shares of £1 each	70,000,000	70,000,000
Allotted, called up and fully paid		
53,040,000 ordinary shares of £1 each	53,040,000	53,040,000

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

16 Statement of movements on reserves

	Revaluation reserve £	Share Premium Account £	Profit and loss account £
At 1st April 2007	184,200	2,500,000	(30,100,010)
Profit for the year	-	-	7,225,121
At 31st March 2008	184,200	2,500,000	(22,874,889)

17. Reconciliation of movements in equity shareholders' funds

	2008 £	2007 £
Profit/(loss) for the financial year	7,225,121	(1,799,960)
Other recognised gains or losses	-	184,200
Net movement in equity shareholders' funds	7,225,121	(1,615,760)
Opening equity shareholders' funds	25,624,190	27,239,950
Closing equity shareholders' funds	32,849,311	25,624,190

18 Contingent liabilities

At 31 March 2008, the company had guaranteed bank loans of other group companies amounting to £35,000,000 (2007 £35,000,000)

19. Financial commitments

	Other 2008 £	2007 £
Operating leases which expire		
Within one year	28,020	34,326
Between two and five	22,118	24,525
	50,138	58,851

20. Capital commitments

	2008 £	2007 £
At 31st March 2008 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	28,454,000	5,091,000

21. Directors' emoluments

	2008 £	2007 £
Emoluments for qualifying services	181,700	146,908
Company pension contributions to money purchase schemes	8,275	8,034
	189,975	154,942

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2008

22. Employees

Number of employees

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

	2008 Number	2007 Number
Administration	15	15
Airport operational and maintenance	357	447
	372	462

Employment costs

	2008 £	2007 £
Wages and salaries	9,136,952	10,049,799
Social security costs	940,151	956,187
Pension costs	263,884	266,082
	10,340,987	11,272,068

23 Ultimate Parent Company

The ultimate holding company 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 Limited (formerly Peel Holdings (Guernsey) Limited), a company registered in Isle of Man Its group accounts are available from the Company Secretary, Billown Mansion House, Malew, Ballasalla, Isle of Man, IM9 3DL

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