LIVERPOOL AIRPORT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

COMPANY NUMBER 2116704

Contents

Directors, Professional Advisers and Registered Office

Directors:	Amit Rhiky George Casey Neville Weir Glenn McCoy Craig Richmond Wes Porter Richard Carter-Ferris
Secretary	Elizabeth McDonald
Company number.	2116704
Registered Office:	Liverpool John Lennon Airport Liverpool L24 1YD
Accountants.	KPMG LLP Chartered Accountants & Statutory Auditors Liverpool United Kingdom
Bankers:	Barclays Bank Plc HSH Nordbank AG

Report of the Directors *for the year ended 31st March 2011*

The directors present their report and audited financial statements for the year ended 31 March 2011

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

For the financial year 10/11 passenger numbers totalled 5,012,348 compared to 5,091,502 passengers in the previous year, which represented a slight reduction of 1 6%, despite the continued slow economic recovery, the impact of the ash cloud, the weakness of the pound against the euro, continued taxation of the industry and exceptionally harsh winter weather and travel disruptions caused by heavy snow and ice

The ash cloud resulted in the cancellation of 602 departing flights and the projected loss of 69,596 departing passengers, resulting in estimated lost revenue of £629,000

The airport made an operating profit (before impairment losses) of £2 46m (2010 £1 05m), with earnings before interest, tax, depreciation and amortisation ("EBITDA") of £10 28m (2010 £4 95m) and continued to invest in its assets and infrastructure spending £10 5m in the year which compared to £11 0m in 2010

On 21 June 2010, 65% of the share capital of the parent company, Peel Airports Limited was acquired by YVR Airports Services (UK) Limited, a company incorporated in the United Kingdom, whose registered office is at Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES From 21 June 10 onwards, the ultimate holding company is YVR Airport Services Limited (registered number 0778554), a company incorporated in Canada, whose registered office is at Vancouver International Airport, 3211 Grant McConachie Way, Link Building, Level 5, Richmond, British Columbia, Canada V7B 1Y7

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 9 and 10

As shown in the profit and loss account, turnover for the year totalled £31 57m compared to £31 02m in the previous year There was an operating profit of £2 104m compared to a loss of £3 745m in the previous year whilst the net assets decreased by £10 19m from £24 28m at 31st March 2010 to £14 09m at 31st March 2011 This decrease was due to the net loss of £10 19m recorded in the year, which included a deferred tax charge of £5 11m The directors assessed the recoverability of the £5 11m deferred tax asset and determined that recognition was not appropriate No dividend can be paid (2010 £nil)

Risks and Uncertainties

The UK aviation market growth rate continues to show a slowdown in the international market and particularly in the domestic market sector This market trend is a direct result of the current economic climate, significant reduction in disposable income being available for travel and holiday spend

In addition, the industry has been feeling continued pressure from the Government for increased taxation of the aviation sector through Air Passenger Duty ("APD") which increased between 140% and 325% since 2007

In March 2011, the Government announced its decision to temporarily freeze the level of aviation taxation in 2011 with a view of further tax increase's planned for the next financial period

The cost of security provision, arising from the need to protect our national air borders, continues to increase It should be highlighted that the cost resulting from having these more stringent security measures maintained at our airports cannot in all cases be recovered from airlines or passengers

Continued taxation of the industry is a disadvantage when competing for business with competitor airports in the rest of the EU (with the exception of Ireland) where similar taxation is absent Peel Airports Limited continues to work with other UK airports and the industry as a whole on highlighting this market anomaly and working on establishment of a level playing field across the whole EU market

Report of the Directors *for the year ended 31st March 2011 (continued)*

Other risks and uncertainties·

- Double taxation from January 2012 (combined cost of APD and EU Emission Trading Scheme -ETS)
- Continued recession and slow recovery of the UK economy
- Weak UK sterling currency against the Euro
- Rising aviation fuel cost and impact on airline costs and fare levels
- Growing cost pressure on the industry (economic regulation, airport policing and security costs)
- Continued uncompetitiveness of UK aviation market vis-a vis European competitors

Peel Airports Limited continue to take an active part in Government consultations on UK aviation regulatory and aviation policy matters thus ensuring the Group continues to be well positioned in the domestic and international market whilst at the same time protecting its strategic interest and ensuring continued growth

Going Concern

After making enquires and receiving confirmation of continued financial support from the company's parent Peel Airports Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements Further detail is given in note 1 to the accounts

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

Creditor Payment Policy and Practice

It is the Company's policy that payments to suppliers are made in accordance with terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been met

Employees

Our employment strategies are linked to business needs and have been designed to deliver the growth and development of the Company and our people Our employment policies are designed to provide equal opportunities irrespective of age, disability, ethnicity, gender, gender reassignment, marital status and civil partnership, nationality, pregnancy and maternity, race, religion and belief and sexual orientation All employees, whether part-time or full-time, temporary or permanent, are treated fairly and equally We select employees for employment, promotion, training or other matters affecting their employment on the basis of aptitude and ability All employees are assisted and encouraged to develop to their full potential so that their combined talents and resources of the team are fully utilised to maximise the efficiency of the organisation

Report of the Directors *for the year ended 31st March 2011 (continued)*

Directors and their Interests

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

Peter Millea	(resigned 11 June 2010)
John Whittaker	(resigned 21 June 2010)
Mark Whitworth	(resigned 21 June 2010)
Paul Wainscott	(resigned 21 June 2010)
Peter Hosker	(resigned 21 June 2010)
Ronald Round	(resigned 6 January 2011)
Alan Jennings	(resigned 28 September 2010)
Anthony Robertson	(resigned 6 January 2011)
Neil Lees	(resigned 21 June 2010)
Steven Underwood	(resigned 21 June 2010)
Brian Spencer	(resigned 28 June 2010)
Neil Pakey	(resigned 16 September 2010)
Barrie Grunewald	(appointed 28 June 2010, resigned 12 October 2010)
Colin Strickland	(appointed 11 June 2010, resigned 1 September 2010)
Amit Rhiky	(appointed 21 June 2010)
George Casey	(appointed 21 June 2010)
Neville Weir	(appointed 21 June 2010)
Glenn McCoy	(appointed 21 June 2010)
Craig Richmond	(appointed 2 November 2010)
Wes Porter	(appointed 20 April 2011)
Richard Carter-Ferris	(appointed 20 April 2011)

Auditors and the Disclosure of Information to the Auditors

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 s418 of the Companies Act 2006

Report of the Directors *for the year ended 31st March 2011 (continued)*

On 17 December 2010 Deloitte LLP resigned as auditors and the Company appointed KPMG LLP as auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the Board

Elizabeth McDonald
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL AIRPORT LIMITED

We have audited the financial statements of Liverpool Airport Limited for the year ended 31 March 2011 set out on pages 9 to 21 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

EW Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

21 July 2011

Profit and Loss Account *for the year ended 31st March 2011*

	Note	2011 £	2010 (Represented- see note 1) £
Turnover	2	31,569,948	31,021,299
Cost of sales		(14,481,514)	(14,721,768)
Gross profit		17,088,434	16,299,531
Fixed asset impairment		(360,039)	(4,799,309)
Other administrative expenses		(14,624,398)	(15,245,657)
Total administrative expenses		(14,984,437)	(20,044,966)
Operating profit/(loss)	4	2,103,997	(3,745,435)
Interest receivable and similar income	5	9,413	1,745
Interest payable and similar charges	6	(7,139,016)	(5,100,908)
Loss on ordinary activities before taxation		(5,025,606)	(8,844,598)
Tax on loss on ordinary activities	7	(5,166,166)	452,975
Loss for the financial year	17	(10,191,772)	(8,391,623)

All of the above results derive from continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account in the current or prior year Accordingly, no separate statement of total recognised gains and losses has been prepared

The notes on pages 11 to 21 form part of the financial statements

Balance sheet *as at 31st March 2011*

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	8		145,059,842		139,566,785
Investments	9		-		10,000
			145,059,842		139,576,785
Current assets					
Stocks	10	68,320		304,810	
Debtors (including amounts due after more than one year of nil (2010 £5,111,000))	11	20,023,831		26,821,600	
Cash at bank and in hand		4,375,198		1,898,561	
		24,467,349		29,024,971	
Creditors: amounts falling due within one year	12	(64,322,546)		(123,957,451)	
Net current liabilities			(39,855,197)		(94,932,480)
Total assets less current liabilities			105,204,645		44,644,305
Creditors: amounts falling due after more than one year	13		(91,117,781)		(20,365,669)
Net assets			14,086,864		24,278,636
Capital and reserves					
Called up share capital	16		53,040,000		53,040,000
Share premium account	17		2,500,000		2,500,000
Profit and loss account	17		(41,453,136)		(31,261,364)
Shareholders' funds	18		14,086,864		24,278,636

The notes on pages 11 to 21 form part of the financial statements

Approved by the Board and authorised for issue on 20 July 2011

Craig Richmond
Director

Company Registration No 2116704

Notes to the Financial Statements
for the year ended 31st March 2011

1. Accounting Policies

1 1 Accounting Convention

Going Concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons The Directors have received confirmation that Peel Airports Limited, the company's holding company, will continue to provide the necessary level of support to enable it to continue to operate for at least 12 months from the date of these financial statements Taking this into account the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

1.2 Compliance with Accounting Standards

The financial statements have been prepared in accordance with applicable financial standards and under historical cost accounting rules which have been applied consistently throughout the current and preceding year

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 Airports Limited group of companies Peel Airports Limited is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 2006, which include a consolidated group cash flow statement

1.3 Turnover

Turnover comprising airport charges, rental and other income 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 Profit and Loss classification

The Directors have revisited the allocation of certain costs between costs of sales and administration expenses and have considered it more appropriate to reclassify £2,446,642 from administration expenses to cost of sales in the prior year

The presentation adjustment does not affect the reported loss for the prior year

1.5 Tangible Fixed Assets, Depreciation and Impairment

Tangible fixed assets 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	No Depreciation
Freehold Buildings	10 to 50 years
Runway, Car Park & Runway Lighting	5 to 100 years
Fixed Plant	7 to 50 years
Fixtures Fittings & Tools & Equipment	5 to 10 years
Motor Vehicles	5 to 20 years
Assets In the Course of Construction	No Depreciation

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

1.5 Tangible Fixed Assets, Depreciation and Impairment *(continued)*

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it necessary having regard to the prevailing market conditions Cost includes interest and directly attributable overheads whilst the property is in the course of development

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

1.6 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 7 Stock

Stock is valued at the lower of cost and net realisable value

1.8 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

1 9 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 measured on a non-discounted basis

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

1 10 Interest

Interest directly attributable to both investment and trading properties in the course of development and other fixed assets is included in the cost thereof Interest is calculated on a simple interest basis without allowing for any tax relief thereon

1.11 Group Accounts

Group accounts have not been prepared as permitted by section 400 of the Companies Act 2006 as the company is itself a wholly owned subsidiary of a body corporate incorporated in the United Kingdom and which prepares group accounts The financial statements thus provide information about the company as a single entity and not about its group

1.12 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 Airports Limited group of companies

1.13 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

3. 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

Included in operating profit/(loss) are the following amounts in respect of airport operational activities

	2011	2010 (Represented- see note 1)
	£	£
Airport charges:		
Revenue	10,556,276	9,727,245
Costs	(14,481,514)	(14,721,768)
	(3,925,238)	(4,994,523)
Other income.		
Revenue	21,013,672	21,294,054
Costs	(14,984,437)	(20,044,966)
	6,029,235	1,249,088
Operating profit/(loss)	2,103,997	(3,745,435)

The 'other income' category includes concession and rental income

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

4 Notes to the profit and loss account

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
- Owned	3,929,885	4,189,435
- Leased	275,977	275,977
Fixed asset impairment (Note 8)	360,039	4,799,309
Loss on disposal of tangible fixed assets	454,265	766,624
Operating lease rentals		
- Motor vehicles	127,544	82,838
- Plant and machinery	25,869	16,803
Fees payable to the Company's auditor in respect of		
- Audit of these financial statements	18,000	17,500
- Tax services	7,000	17,500
- Other services	4,333	-
Amortisation of Government grants	(1,140,889)	(1,140,879)

An impairment of £360,039 (2010 £4,799,309) was recognised in the year in relation to a car park constructed and brought into use during 2010

5 Interest receivable and similar income

	2011 £	2010 £
Bank interest	9,413	1,745

6 Interest payable and similar charges

	2011 £	2010 £
On amounts payable to group companies	2,622,225	1,257,514
On bank loans and overdrafts	4,395,076	3,637,410
Finance lease interest	121,715	205,984
	7,139,016	5,100,908

7. Taxation

	2011 £	2010 £
Analysis of charge in the period		
UK corporation tax		
Adjustments in respect of prior periods	55,027	(374,448)
Payment in respect of group relief	-	(1,404,254)
Current tax charge/(credit)	55,027	(1,778,702)
Deferred tax		
Origination and reversal of timing differences	4,514,557	1,325,727
Impact on deferred tax of change in tax rate	596,582	-
	5,111,139	1,325,727
Tax on loss on ordinary activities	5,166,166	(452,975)

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

7. **Taxation** (continued)

Factors affecting the tax charge/(credit) for the year

The current tax charge for the period is higher (2010 higher) than the standard rate of corporation tax in the UK (28%, 2010 28%) The differences are explained below

Current tax reconciliation		
Loss on ordinary activities before taxation	(5,025,606)	(8,844,598)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2010 28%)	(1,407,170)	(2,476,487)
Effects of		
Taxable (income) / non deductible expenses	547,684	(18,086)
Capital allowances in excess of depreciation	(491,394)	(419,589)
Movement in short term timing differences	(32,742)	(321,737)
Excess of taxable profits / (shortfalls) on sale of fixed assets / investments	-	110,410
Fixed asset impairment	-	1,343,807
Movement in tax losses	1,383,622	432,438
Other deferred tax movements	-	(55,010)
Adjustments to previous periods	55,027	(374,448)
Current tax charge/(credit)	55,027	(1,778,702)

Factors that may affect future current and total tax charges

Effective from 1 April 2011 the corporation tax rate will be reduced from 28% to 26% and the effect on deferred tax has been included within these accounts It has also been announced that the UK tax rate will drop a further 1% per annum over the next three years reaching 23% effective from 1 April 2014 However, the impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

8. Tangible Fixed Assets

	Land and buildings freehold	Assets in the course of construction	Runways, lighting & car parks	Other Assets	Total
	£	£	£	£	£
Cost or valuation					
At 1st April 2010	100,147,326	4,048,170	62,736,061	34,547,278	201,478,835
Additions	2,229,864	7,301,381	13,692	985,200	10,530,137
Disposals	(471,179)	-	-	-	(471,179)
At 31st March 2011	**101,906,011**	**11,349,551**	**62,749,753**	**35,532,478**	**211,537,793**
Depreciation					
At 1st April 2010	25,720,272	-	12,271,897	23,919,881	61,912,050
Impairment charge	360,039	-	-	-	360,039
Charge for the year	1,863,610	-	1,050,668	1,291,584	4,205,862
At 31st March 2011	**27,943,921**	**-**	**13,322,565**	**25,211,465**	**66,477,951**
Net book value					
At 31st March 2011	**73,962,090**	**11,349,551**	**49,427,188**	**10,321,013**	**145,059,842**
At 31st March 2010	74,427,054	4,048,170	50,464,164	10,627,397	139,566,785

Land and Buildings include capitalised interest of £1,777,000 (2010 £1,777,000)

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

	Other Assets
	£
Net book values	
At 31st March 2011	3,212,372
At 31st March 2010	3,488,349
Depreciation charge for the year	
At 31st March 2011	275,977
At 31st March 2010	275,977

At 31st March 2011, freehold land and buildings includes freehold land which is not subject to depreciation in the amount of £7,067,580 (2010 £7,067,580)

9 Fixed Asset Investment

	£
Cost and net book value	
At 1st April 2010	10,000
Disposals	(10,000)
At 31st March 2011	-

On 21 June 2010, the company disposed of the 100% of the ordinary share capital of Liverpool Airport Development Limited, a dormant company incorporated in England and Wales, for proceeds of £10,000

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

10 Stocks

	2011 £	2010 £
Raw materials and consumables	68,320	304,810

11 Debtors

	2011 £	2010 £
Trade debtors	2,058,702	3,151,936
Amounts owed by parent and fellow subsidiary undertakings	15,584,897	15,056,358
Deferred tax asset (see Note 14)	-	5,111,139
Other debtors	86,094	594,485
Prepayments and accrued income	2,294,138	2,907,682
	20,023,831	26,821,600

Included within debtors is an amount of nil (2010 £5,111,000) in respect of amounts recoverable in more than one year

12. Creditors. amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	-	71,000,000
Net obligations under hire purchase contracts	355,278	350,030
Trade creditors	2,536,947	6,399,292
Amounts owed to parent and fellow subsidiary undertakings	55,473,012	42,963,391
Other taxes and social security	418,894	297,548
Other creditors	96,741	220,943
Capital grant	1,140,889	1,140,879
Accruals and deferred income	4,300,785	1,585,368
	64,322,546	123,957,451

As at 31 March 2011 there were interest rate swaps open with a fair value of £1,317,110 (2010 £1,821,579) payable to HSH Nordbank This fair value has not been recognised in the financial statements as the Company has not adopted FRS 26 Details of security on the above are disclosed in the following note

13. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loans and overdrafts	71,220,354	-
Net obligations under finance leases and hire purchase contracts	1,425,724	1,733,067
Capital grant	18,471,703	18,632,602
	91,117,781	20,365,669

Bank loans are stated net of issue costs of £2,655,000 and a debt service reserve account of £2,237,000 The issue costs are being spread in accordance with FRS 4 over the term of the finance to which they relate

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

13. Creditors. amounts falling due after more than one year (continued)

Net obligations under hire purchase contracts		
In more than one year but not more than two years	251,009	356,345
In more than two year but not more than five years	763,015	712,458
In more than five years	411,700	664,264
	1,425,724	1,733,067

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 Interest on £58,800,000 of the bank loan has been fixed under an interest rate swap contract at a rate of 3 005% The swap agreement is in place until 21 March 2015 Included with Bank loans and overdrafts is £71,220,354 which repayable after five years

The unutilised element of the £86,000,000 bank loan facility as at 31 March 2011 is £14,779,646 (2010 £nil)

The capital grants are in respect of certain capital expenditure and are amortised over the useful economic lives of the assets

14. Deferred tax

	Deferred tax asset £
At 1st April 2010	5,111,139
Profit and loss account	(5,111,139)
At 31st March 2011	-

Deferred taxation in the financial statements is provided/unprovided as follows

	2011 Provided £	2011 Unprovided £	2010 Provided £	2010 Unprovided £
Accelerated capital allowances	(223,401)	-	(425,752)	-
Short term timing differences	223,401	4,889,722	5,536,891	-
Losses	-	2,865,839	-	2,279,335
Other timing differences	-	-	-	-
	-	7,755,561	5,111,139	2,279,335

The company has trading losses carried forward at 31 March 2011 of £11,022,456 (2010 £8,140,482) Deferred tax on these losses has not been recognised at the balance sheet date on the grounds that there is insufficient evidence that the asset will be recovered

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

15 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

	2011 £	2010 £
Contributions payable by the company for the year	277,137	310,766

16. Share Capital

	2011 £	2010 £
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

17 Statement of movements on reserves

	Share Premium Account £	Profit and loss account £
At 1st April 2010	2,500,000	(31,261,364)
Loss for the year	-	(10,191,772)
At 31st March 2011	2,500,000	(41,453,136)

18. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(10,191,772)	(8,391,623)
Net movement in shareholders' funds	(10,191,772)	(8,391,623)
Opening shareholders' funds	24,278,636	32,670,259
Closing shareholders' funds	14,086,864	24,278,636

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

19. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2011 £	2010 £
Operating leases which expire		
Within one year	109,278	99,099
In the second to fifth years	42,523	88,493
Over five years	-	-
	151,801	187,592

20. Capital commitments

Capital commitments at the end of the financial year for which no provision had been made, are as follows

	2011 £	2010 £
Contracted for but not provided in the financial statements	-	9,303,065

21. Directors' emoluments

	2011 £	2010 £
Emoluments for qualifying services	174,066	152,876
Company pension contributions to money purchase schemes	4,800	12,402
	178,866	165,278

22. Employees

Number of employees

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

	2011 Number	2010 Number
Administration	56	53
Airport operational and maintenance	188	194
	244	247

Employment costs

The aggregate payroll costs of these persons were as follows

	2011 £	2010 £
Wages and salaries	8,488,178	7,885,008
Social security costs	880,533	846,268
Pension costs	277,137	310,766
	9,645,848	9,042,042

Notes to the Financial Statements *(continued)*
for the year ended 31st March 2011

23 Related Parties

During the year the company entered into the following transactions with fellow subsidiary companies of the group The transactions were priced on an arm's length basis

	Sales of Goods/ Services £	(Purchase) of Goods/ Services £	Balances Receivable/ (payable) £
Durham Tees Valley Airport Limited	1,228,437	-	802,357
YVR Airport Services (Cyprus) Limited	3,458	(350,000)	54,149
YVR Airport Services Limited	43,101	(318,222)	(208,872)
Peel Advertising Limited	253,247	-	218,816
Peel Utilities Services Limited	14,237	-	5,676
Peel Leisure Operations No 1 Limited	79,006	(7,763)	49,479
Peel Management Limited	-	(104,869)	(102,864)
Peel Communications Limited	-	(27,284)	(13,779)
RHADS Hotels Limited	-	(5,975)	(1,906)
Peel Holdings (land & Properties) Limited	-	(3,421)	(1,169)
Peel Land & Property Investments Limited	4,500	-	-
City Airport Limited	70,000	-	14,000

24. Ultimate Parent Company

The ultimate holding company in the period to 21st June 2010 was Tokenhouse Limited, a company incorporated in the Isle of Man Tokenhouse Limited is controlled by the 1997 Billown Settlement Trust

On 21 June 2010, 65% of the share capital was acquired by YVR Airports Services (UK) Limited, a company incorporated in the United Kingdom, whose registered office is at Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES

From 21 June 10 onwards, the ultimate holding company is YVR Airport Services Limited (registered number 0778554), a company incorporated in Canada, whose registered office is at Vancouver International Airport, 3211 Grant McConachie Way, Link Building, Level 5, Richmond, British Columbia, Canada V7B 1Y7

The largest group of companies, of which the company is a member, which produces consolidated accounts is YVR Airports Services Limited, a company incorporated in the Canada

The smallest group of companies, of which the company is a member, that produces consolidated accounts, is Peel Airports Limited, a company incorporated in England Its Group accounts are available from the Company Secretary, Liverpool Airport, Liverpool, L24 1YD