

PEEL AIRPORTS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010

COMPANY NUMBER 3385025

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PEEL AIRPORTS LIMITED

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PEEL AIRPORTS LIMITED

Directors, Professional Advisers and Registered Office

Directors: Amit Rikhy
George Casey
Neville Weir
Glenn McCoy
Peter Hosker
Steven Underwood

Secretary: Eversecretary Limited

Registered Office: Liverpool John Lennon Airport
Liverpool
L24 1YD

Registered Number: 3385025

Auditors: Deloitte LLP
Chartered Accountants & Statutory Auditors
Manchester
United Kingdom

Bankers: Barclays Bank Plc
51 Mosley St
Manchester
M60 2AU

PEEL AIRPORTS LIMITED

Report of the Directors *for the year ended 31st March 2010*

The directors submit their annual report together with the financial statements of the company for the year ended 31st March 2010

The company acts as an intermediate holding company and the principal risks and uncertainties lie within the subsidiaries and this has been disclosed in the subsidiary accounts

The directors expect the company to continue to act as a holding company for the foreseeable future

Principal Activities and Review of the Business

The principal activity of the company is that of a holding company

The directors expect the current level of activity to continue into the foreseeable future

On 21 June 2010, 65% of the share capital was acquired by YVR Airport Services (UK) Limited, a company incorporated in the United Kingdom, whose registered office is at 70 Great Bridgewater Street, Manchester M1 5ES. From 21 June 10 onwards, the ultimate holding company is YVR Airport Services Ltd (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 company has made a loss after tax of £2,378,939 (2009 £3,098,310), accordingly the net assets of the company have decreased by £2,378,939 to £50,563,145 (2009 £52,942,084)

After making enquires, 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

Results and Dividends

The results for the year are set out on page 6

No dividend can be paid (2009 same)

Directors

Except as stated, the directors who held office during the financial year and thereafter were

John Whittaker	(resigned 21 June 2010)
Robert Hough	(resigned 15 August 2009)
Andrew Simpson	(resigned 9 October 2009)
Paul Wainscott	(resigned 21 June 2010)
Peter Hosker	
Peter Nears	(resigned 21 June 2010)
Mark Whitworth	(resigned 21 June 2010)
Neil Lees	(resigned 21 June 2010)
Steven Underwood	
Amit Rikhy	(appointed 21 June 2010)
George Casey	(appointed 21 June 2010)
Neville Weir	(appointed 21 June 2010)
Glenn McCoy	(appointed 21 June 2010)

PEEL AIRPORTS LIMITED

Report of the Directors *for the year ended 31st March 2010 (continued)*

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). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 s418 of the Companies Act 2006.

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditors for a further

On behalf of the Board



Neville Weir

Director

17th November 2010

PEEL AIRPORTS LIMITED

Independent Auditors' Report to the members of Peel Airports Limited

We have audited the financial statements of Peel Airports Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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

As explained more fully in the Statement of Directors' Responsibilities Statement within the Report of the Directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Alan Fendall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester

6 December 2010

PEEL AIRPORTS LIMITED

Profit and Loss account *for the year ended 31 March 2010*

	Note	2010 £	2009 £
Write off of intercompany loan balance		(1,612,678)	-
Other administrative expenses		<u>(427,355)</u>	<u>(1,308,181)</u>
Total administrative expenses		<u>(2,040,033)</u>	<u>(1,308,181)</u>
Operating loss	2	(2,040,033)	(1,308,181)
Loss on disposal of fixed assets		<u>-</u>	<u>(1,106,036)</u>
Loss on ordinary activities before interest		(2,040,033)	(2,414,217)
Interest receivable and similar income	3	2,932,515	6,438,584
Interest payable and similar charges	4	<u>(3,802,971)</u>	<u>(7,530,682)</u>
Loss on ordinary activities before taxation		(2,910,489)	(3,506,315)
Tax on loss on ordinary activities	5	<u>531,550</u>	<u>408,005</u>
Loss on ordinary activities after taxation	12,13	<u>(2,378,939)</u>	<u>(3,098,310)</u>

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.

PEEL AIRPORTS LIMITED

Balance Sheet as at 31st March 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	6	-		6,484	
Investments	7	52,512,910		52,512,910	
		<u>52,512,910</u>		<u>52,519,394</u>	
Current assets					
Debtors	8	117,354,417		111,047,917	
Creditors: amounts falling due within one year	9	<u>(119,304,182)</u>		<u>(110,625,227)</u>	
Net current (liabilities) / assets		<u>(1,949,765)</u>		<u>422,690</u>	
Net assets		<u>50,563,145</u>		<u>52,942,084</u>	
Capital and reserves					
Called-up share capital	11	70,761,005		70,761,005	
Profit and loss account	12	(20,197,860)		(17,818,921)	
Shareholder funds	13	<u>50,563,145</u>		<u>52,942,084</u>	

Approved by the board of directors on 17th November 2010



Neville Weir

Director

Company Registration No 3385025

PEEL AIRPORTS LIMITED

Notes to the Financial Statements

1. Accounting Policies

1.1 Accounting Convention

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

The directors have received confirmation that YVR Airport Services Ltd ("YVRAS"), the division's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. In considering the ability of YVRAS to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of YVRAS's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

Taking all these factors into account 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 annual report and accounts.

'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 2006, which include a consolidated group cash flow statement.

1.2 Compliance with Accounting Standards

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently throughout the current and prior years.

1.3 Tangible Fixed Assets and Depreciation

Tangible fixed assets other than investment properties 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:

Motor Vehicles	4 years
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1.4 Investments

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

1.5 Defined contribution pension scheme

The pension costs charged in the financial statements represent the contributions payable by the company during the year according to the schemes rules in accordance with FRS 17.

PEEL AIRPORTS LIMITED

Notes to the Financial Statements (continued)

1.6 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.

1.7 Group Accounts

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

1.8 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 Tokenhouse Holdings Limited group of companies.

2. Operating loss

	2010 £	2009 £
<i>Operating loss is stated after charging</i>		
Depreciation of tangible assets	3,088	-
Loss on disposal of fixed asset investments	-	1,106,036
Remuneration payable to auditor in respect of tax compliance	10,000	9,000

The fees paid to the auditor of £1,000 in respect of the statutory audit of the company were borne by another group company (2009 same).

3. Interest receivable and similar income

	2010 £	2009 £
Bank interest	-	359
On amounts owed by group undertakings	2,932,515	6,438,225
	<u>2,932,515</u>	<u>6,438,584</u>

PEEL AIRPORTS LIMITED

Notes to the Financial Statements (continued)

4. Interest payable and similar charges

	2010 £	2009 £
On amounts payable to group companies	3,678,917	7,403,104
On bank loans and overdrafts	124,054	127,578
	<u>3,802,971</u>	<u>7,530,682</u>

5. Taxation

	2010 £	2009 £
UK current tax		
Adjustment for prior years	(262,882)	816
Receipt in respect of group relief	(268,668)	(408,821)
	<u>(531,550)</u>	<u>(408,005)</u>
Current tax credit		
Factors affecting the tax credit for the year		
Loss on ordinary activities before taxation	<u>(2,910,489)</u>	<u>(3,506,315)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%)	(814,937)	(981,768)
Effects of:		
Non deductible expenses	7,301	2
Capital allowances in excess of depreciation	(510)	-
Excess of taxable profits over book profits on sale of investments	-	309,690
Impairment of inter-company loan	451,550	
Tax losses carried forward	87,928	263,255
Adjustments to previous periods	(262,882)	816
	<u>283,387</u>	<u>573,763</u>
Current tax credit	<u>(531,550)</u>	<u>(408,005)</u>

The company has available trading losses carried forward at 31 March 2010 of £88,151 (2009 £Nil)

6. Tangible Fixed Assets

	Plant and vehicles £
Cost	
At 1st April 2009	6,484
Disposals	(6,484)
At 31st March 2010	-
Depreciation	
At 1st April 2009	-
Charge for the financial year	3,088
Disposals	(3,088)
At 31st March 2010	-
Net book value	
At 31st March 2010	-
At 31st March 2009	6,484

PEEL AIRPORTS LIMITED

Notes to the Financial Statements (continued)

7. Fixed Asset Investments

	Shares in group undertakings £
Cost	
At 1 April 2009 and 31 March 2010	<u>56,068,047</u>
Provisions for impairment	
At 1 April 2009 and 31 March 2010	<u>3,555,137</u>
Net book value	
At 1 April 2009 and 31 March 2010	<u>52,512,910</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Principal Activity	Shares held	
			Class	%
Doncaster Sheffield Airport Limited	United Kingdom	Operator of a regional airport and property investment	Ordinary	100
Liverpool Airport PLC	United Kingdom	Operator of a regional airport	Ordinary	100
Peel Airports (Liverpool) Limited	United Kingdom	Property investment	Ordinary	100
Peel Airports Leasing Limited	United Kingdom	Dormant	Ordinary	100
City Airport Manchester Limited	United Kingdom	Operator of local airport	Ordinary	100
Durham Tees Valley Airport Limited*	United Kingdom	Operator of a regional airport	'A' Ordinary	75
			Deferred	65

* The company owns 100% of the 'A' ordinary shares of £0.01 each, representing 75% of the voting rights of the company. The company also owns 65% of the deferred shares of £0.01 each, which have no voting rights.

A full list of subsidiary undertakings will accompany the next annual return to be filed with the Registrar of Companies.

PEEL AIRPORTS LIMITED

Notes to the Financial Statements (continued)

8. Debtors

	2010 £	2009 £
Trade debtors	954	6,314
Amounts owed by parent and fellow subsidiary undertaking	117,353,248	110,696,697
Other debtors	15	15
Prepayments	200	344,891
	<u>117,354,417</u>	<u>111,047,917</u>

9. Creditors: amounts falling due within one year

	2010 £	2009 £
Bank overdraft	537,485	1,975,209
Trade creditors	6,650	95,836
Amounts owed to parent and fellow subsidiary undertakings	118,614,605	107,984,050
Other taxes and social security	31,985	282,860
Accruals and deferred income	113,457	287,272
	<u>119,304,182</u>	<u>110,625,227</u>

The unsecured bank overdraft bears a variable rate of interest based on LIBOR plus applicable margin

10. 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 under the rules of the scheme.

	2010 £	2009 £
Contributions payable by the company for the year	<u>12,300</u>	<u>22,074</u>

11. Share Capital

	2010 £	2009 £
Authorised:		
75,000,000 ordinary shares of £1 each	75,000,000	75,000,000
25,000,000 preference shares of £1 each	25,000,000	25,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid		
70,761,005 ordinary shares of £1 each	<u>70,761,005</u>	<u>70,761,005</u>

PEEL AIRPORTS LIMITED

Notes to the Financial Statements (continued)

12. Statement of movements on profit and loss account

	Profit and loss account £
At 1st April 2009	(17,818,921)
Loss for the financial year	(2,378,939)
At 31st March 2010	<u>(20,197,860)</u>

13. Reconciliation of movements in shareholder funds

	2010 £	2009 £
Loss for the financial year	(2,378,939)	(3,098,310)
Opening shareholder funds	<u>52,942,084</u>	<u>56,040,394</u>
Closing shareholder funds	<u>50,563,145</u>	<u>52,942,084</u>

14. Contingent liabilities

At 31st March 2010 the company had guaranteed bank loans of other group companies amounting to £107,533,748 (2009 £99,391,690)

15. Directors' emoluments

The company paid a recharge in respect of directors' emoluments of £239,651 (2009 £212,708) to another group company

No director received any emoluments directly from Peel Airports Limited for their services to the company during the financial year (2009 £nil)

16. Employees

Number of employees

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

	2010 Number	2009 Number
Administration	<u>4</u>	<u>4</u>
	2010 £	2009 £
Employment costs		
Wages and salaries	228,516	316,587
Social security costs	29,525	43,327
Other pension costs	<u>12,300</u>	<u>22,074</u>
	<u>270,341</u>	<u>381,988</u>

PEEL AIRPORTS LIMITED

Notes to the Financial Statements *(continued)*

17. Ultimate Parent Company

The ultimate holding company in the period to 31st March 2010 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the 1997 Billown Settlement Trust.

The largest group of companies, of which the company is a member that produces consolidated accounts is Tokenhouse Holdings (IOM) Limited, a company incorporated in the Isle of Man.

The smallest group of companies, of which the company is a member, that produces consolidated accounts, is Peel Investments (PHA) Limited, a company incorporated in England. Its group accounts are available from the Company Secretary, Peel Dome, The Trafford Centre, Manchester M17 8PL.

18. Post Balance Sheet Event

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 70 Great Bridgewater Street, Manchester M1 5ES.

From 21 June 10 onwards, the ultimate holding company is YVR Airport Services Ltd (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.