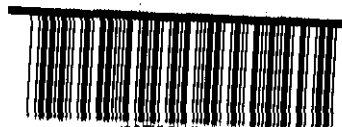


LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

Company Number: 2065958

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005



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COMPANIES HOUSE

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21/09/05

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

CURRENT BOARD OF DIRECTORS

Non Executive Directors and Alternates

Non Executive Directors

Leeds

B S Golton (Chair)
 B Anderson
 A D Atkinson MBE
 C Campbell
 A Carter
 M Harris (appointed 8 September 2004)

Bradford

J A Cairns (Deputy Chair)
 J Briggs
 A S Cooke (appointed 20 September 2004)
 E M Eaton OBE
 I B Greenwood
 K Hopkins

Calderdale

R L Taylor

Kirklees

K Oldroyd (appointed 14 July 2004)

Wakefield

P S Dobson (appointed 21 June 2005)

Alternate Directors

M Hamilton (appointed 28 July 2004)
 J Procter (appointed 28 July 2004)
 M Davey (appointed 28 July 2004)
 A Barker (appointed 23 May 2005)
 Vacancy
 Vacancy

D Green
 M Ali (appointed 31 May 2005)
 B M Smith
 C G Powell (appointed 20 September 2004)
 S Khan
 M Jamil (1 July 2004)

M Najib

R Light (appointed 14 July 2004)

J Kershaw

Executive Directors

Managing Director
 Operations
 Finance and Commercial

Company Secretary

E J S Anderson
 A Judge (appointed 1 January 2005)
 C A Mason

C A Mason

Registered Office

Leeds
 LS19 7TU

Registered Auditors

PKF (UK) LLP
 Pannell House
 6 Queen Street
 Leeds
 LS1 2TW

Bankers

The Royal Bank of Scotland plc
 27 Park Row
 Leeds
 LS1 5QB

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

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LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

DIRECTORS' REPORT YEAR ENDED 31 MARCH 2005

This is the eighteenth report of the directors and is presented together with the audited financial statements for the year ended 31 March 2005.

DIRECTORS

The current directors and their alternates are shown on the previous page. Directors and alternates at 1 April 2004 or appointed since that date, who have ceased being directors are:

Resigned		
D I Ginley	23 June 2004	Calderdale
E A Martin	23 June 2004	Calderdale
P Grahame	28 June 2004	Leeds
E A Hanley	28 June 2004	Leeds
R J Harington	28 June 2004	Leeds
D Langham	28 June 2004	Leeds
M E Minkin	28 June 2004	Leeds
K Wakefield	28 June 2004	Leeds
I Alam	1 July 2004	Bradford
J Buffham	1 July 2004	Bradford
A S Cooke	1 July 2004	Bradford
I Ellison-Wood	1 July 2004	Bradford
A Niland	1 July 2004	Bradford
B K Thorne	1 July 2004	Bradford
K A Smith	14 July 2004	Kirklees
L D Wild	14 July 2004	Kirklees
D Servant (appointed 23 July 2004)	20 September 2004	Bradford
H Middleton (appointed 1 July 2004)	31 May 2005	Bradford
K W Rhodes	21 June 2005	Wakefield

Also during the year the following changes in directorship occurred:

D Green changed to an Alternate Director from a Non-Executive Director on 1 July 2004.

M Harris changed to a Non-Executive Director from an Alternate Director on 8 September 2004.

C G Powell changed to an Alternate Director from a Non-Executive Director on 20 September 2004.

R A Lund resigned as an Executive Director on 31 December 2004.

None of the directors or alternates who held office at 31 March 2005 had an interest in the shares of the company.

ALLOTTED SHARE CAPITAL

At 31 March 2005 the authorised share capital of the company was 22,500,000 ordinary shares of £1 each of which 15,000,000 were issued as fully paid. The balance of 7,500,000 shares remained unissued at 31 March 2005.

REVIEW OF BUSINESS

The company's principal activity is that of operating a regional and international airport.

The profit and loss account for the year is set out on page 5. During the year, margins across the travel industry have continued to be squeezed as the services offered by low cost airlines have grown and legacy airlines have reviewed their own products and fares in order to be able to compete.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 MARCH 2005

Against this background, the directors are pleased to be able to report a profit before tax of £1.267 m. This represents a decrease of £1.361 m (52%) compared with 2003/04.

The directors aim over the coming years is to increase the passenger throughput, whilst constantly improving the quality of service provided to passengers and airlines, maximise commercial income and secure continuing operating cost efficiencies.

Routes & Services

2004/05 was the second full year of operation for jet2.com and they increased their passenger throughput at Leeds Bradford to 1 million from around 500,000 in 2003/04. During the year they had 8 aircraft based at the airport and operated to some 13 destinations. They accounted for around 40% of the airport's total traffic. All the indications are that they will continue to grow their operation over the coming years. Jet2.com won awards from Which Magazine as the Best UK Scheduled Airline and from the Yorkshire Tourist Board as the Best Newcomer to Tourism.

Bmi and KLM cityhopper continue to provide valuable links to major European hub airports. Bmi serve London Heathrow, Paris and Brussels whilst KLM serve Amsterdam. In addition Bmi offer a network of scheduled service to Glasgow, Edinburgh, Cork and Jersey. Eastern continue to operate to Aberdeen, the Isle of Man and Southampton. Ryanair and Flybe provide low cost services to Dublin and Belfast City respectively. Flybe announced their intention to operate new services from Leeds Bradford to Southampton and Exeter, whilst Air South West announced a new service to Bristol with onward connections to Plymouth and Newquay.

Tour operators have continued to rationalise their programmes across the UK and, as a result, charter traffic at Leeds Bradford reduced during the year by around 20%.

The total passenger throughput for the year was 2.449 million, an increase of 16%. It is the directors' aim that scheduled and charter traffic should continue to grow over the coming years so that Leeds Bradford can increase its contribution to the local and regional economy. The airport is likely to pass the 3 million passenger mark in the next two years and the directors anticipate in excess of 4 million passengers by 2015.

Income

As anticipated, traffic income increased during the year by a lower percentage than passenger throughput. The company is determined to maximise its commercial income, which increased by 16% compared with the previous year. Commercial income represented 42% of total income compared with 39% in 2003/04.

During the year all key business partners extended or refurbished their units. These investments have delivered benefits in terms of customer satisfaction and enabled our business partners to convert passenger growth in to turnover growth which in turn increases commercial revenue for the airport company.

During the year two new concessions were introduced, a manicure and a massage service both located in the departure lounge. The company has invested in a 48 bed Travelodge at the airport and new retail units have been announced by Greggs and Superdrug which will open in the summer of 2005.

Developments

Achieving the highest standards of customer service remains a key objective of the company. The anticipated growth in passenger throughput will continue to present challenges for the future and opportunities to maximise commercial revenues.

The new check-in hall (Check-in hall B) opened during the year and this will accommodate all jet2.com flights together with flights operated for Thomson Holidays. Bmi have introduced self service check-in machines to speed up the check-in process for their passengers and enhance customer service.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 MARCH 2005

In addition to the new retail units mentioned above, further developments are in progress from SSP, Alpha and WH Smith, all of which should lead to increased commercial income in future years.

An extension to the public car parks was completed and further extensions are planned to meet the future demand anticipated from passenger growth and as a result of the recent launch of an internet pre-booking service for the car parks.

Plans are in train for an extension to the aircraft apron, which will provide four new stands, together with a major reconstruction of taxiway Delta. Planning work continued on the scheme to provide a high quality business park, to be known as Airport West, to the west of the Harrogate road roundabout.

Operating Costs

Costs increased during the year by 17% as a result of the increase in passenger throughput and the additional costs associated with opening the second check-in hall.

CHARITABLE DONATIONS

During the year the company made a charitable donation of £1,500 to the Yorkshire Air Ambulance.

EMPLOYMENT POLICIES

The company has implemented detailed policies in relation to all aspects of personnel matters and acts as an equal opportunities employer.

CORPORATE GOVERNANCE

In achieving high standards of corporate governance the company has taken into account the relevant features of the Principles of Good Governance and Code of Best Practice (The Combined Code).

MARKET VALUE OF LAND AND BUILDINGS

The company took over existing land and buildings on 1 April 1987. These have been incorporated into the balance sheet at an agreed professional valuation using depreciated replacement cost in accordance with rules laid down by the Department of Transport under the Airports Act 1986. All assets acquired since the company commenced trading are included at cost less depreciation.

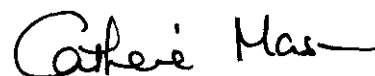
Investment properties have been valued by the directors on the basis of existing use and at open market value at the year end. The current open market value is considered to be the same as the cost.

PROFITS, DIVIDENDS AND TRANSFERS TO RESERVES

The profit for the year, after taxation, amounted to £873,000 (2004 - £1,792,000).

The final dividend recommended by the directors is 1.3 pence per share, amounting in aggregate to £195,000. Retained profits of £678,000 are transferred to reserves.

By order of the board



C A Mason
Secretary
29 July 2005

**INDEPENDENT AUDITORS' REPORT TO
LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Economic Regulation Statement and the related notes, together with the financial statements of the company for the year ended 31 March 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, as a body, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state 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 as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

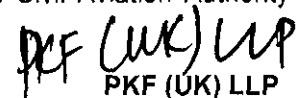
Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

Opinion on the Economic Regulation Statement

In our opinion the Economic Regulation Statement presents fairly the information set forth therein and is in accordance with the requirements of the Accounts Conditions issued by the Civil Aviation Authority under section 41 (1) of the Airports Act 1986.

Leeds, UK
29 July 2005


PKF (UK) LLP
Registered Auditors

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2005

	Notes	2005 £000	2004 £000
TURNOVER		20,618	19,148
Staff costs	4	(7,484)	(6,772)
Depreciation and amortisation		(3,210)	(2,916)
Other operating charges		<u>(8,311)</u>	<u>(6,523)</u>
		(19,005)	(16,211)
OPERATING PROFIT	2	1,613	2,937
Interest receivable		231	285
Interest payable	5	<u>(577)</u>	<u>(594)</u>
		(346)	(309)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,267	2,628
TAXATION	7	<u>(394)</u>	<u>(836)</u>
PROFIT FOR THE FINANCIAL YEAR		873	1,792
DIVIDENDS	6	<u>(195)</u>	<u>(420)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>678</u>	<u>1,372</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

BALANCE SHEET 31 MARCH 2005

	Notes	2005 £000	2004 £000
FIXED ASSETS			
Tangible	8	46,892	43,413
Investments	9	<u>1</u>	<u>1</u>
		46,893	43,414
CURRENT ASSETS			
Stocks	10	260	266
Debtors	11	2,058	1,807
Cash at bank and in hand		<u>1,786</u>	<u>6,704</u>
		4,104	8,777
CREDITORS: amounts falling due within one year	12	<u>(5,132)</u>	<u>(7,178)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,028)</u>	<u>1,599</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		45,865	45,013
CREDITORS: amounts falling due after more than one year	13	(6,115)	(6,293)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(3,210)</u>	<u>(2,858)</u>
NET ASSETS		<u>36,540</u>	<u>35,862</u>
CAPITAL AND RESERVES			
Called up share capital	16	15,000	15,000
Share premium account		477	477
Profit and loss account	17	<u>21,063</u>	<u>20,385</u>
SHAREHOLDERS' FUNDS	18	<u>36,540</u>	<u>35,862</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the board of Directors on 29 July 2005 and were signed on its behalf by



B S Golton

Chair of the Board of Directors



E J S Anderson

Managing Director

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2005

	2005 £000	2004 £000
Net cash inflow from operating activities	3,329	7,836
Returns on investments and servicing of finance (note 19)	(273)	(308)
Taxation	(724)	(310)
Capital expenditure (note 19)	(6,669)	(6,922)
Equity dividends paid	(420)	(225)
	<u>(4,757)</u>	<u>71</u>
Financing (note 19)	(161)	(147)
Decrease in cash	<u>(4,918)</u>	<u>(76)</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit	1,613	2,937
Depreciation of tangible fixed assets	3,210	2,916
Profit on sale of fixed assets	(20)	(4)
(Increase)/decrease in debtors	(325)	569
Decrease in stocks	6	11
(Decrease)/increase in creditors	<u>(1,155)</u>	<u>1,407</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>3,329</u>	<u>7,836</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS (NOTE 20)

Decrease in cash in the year	(4,918)	(76)
Cash to repurchase debt	<u>161</u>	<u>147</u>
Change in net (debt)/funds	(4,757)	71
Net funds at 1 April 2004	<u>250</u>	<u>179</u>
Net debt at 31 March 2005	<u>(4,507)</u>	<u>250</u>

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets. These were brought into the company's accounts at 1 April 1987 on the basis of depreciated replacement cost. The accounts have been prepared in accordance with applicable accounting standards.

Group accounts have not been prepared as all of the company's subsidiaries are permitted to be excluded from group accounts by virtue of section 229 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(b) Turnover

Turnover represents invoiced sales less allowances, trade discounts and value added tax.

Concession income and car parking income is recognised in the period in which it is receivable.

(c) Lease Income

Rental income is recognised over the period of the lease agreement.

(d) Tangible fixed assets

Tangible fixed assets other than investment properties are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets on a straight line basis over their expected useful lives on the following bases:

Noise insulation	40 years
Runways	up to 40 years
Freehold buildings	up to 25 years
Motor vehicles	10 years
Plant, machinery, fixtures, fittings and office equipment	10 years
Computer equipment	3 years

Freehold land is not depreciated.

(e) Investment properties

Investment properties are included in the balance sheet at their open market value (which is the same as the cost to the company) in accordance with Statement of Standard Accounting Practice No.19 (SSAP 19) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

(f) Investments

Fixed asset investments are stated at cost less provision for impairment.

(g) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(h) Stocks

Stocks comprise consumable stores held for subsequent use by the Airport and are valued at the lower of cost and net realisable value.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES (continued)

(i) Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation, except for the timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

(j) Pensions

The company makes contributions to the West Yorkshire Pension Fund, a multi employer defined benefit scheme. The pension cost charge represents contributions payable by the company to the fund in respect of the year for current and former employees. See note 24 for further details of disclosures required by FRS17 'Retirement Benefits'.

2 OPERATING PROFIT

The operating profit is stated after charging:

	2005 £000	2004 £000
Depreciation of tangible fixed assets:		
- owned by the company	3,210	2,916
Audit fees	18	16
Auditors' remuneration - non-audit services	4	5
Operating lease rentals:		
- plant & machinery	84	83

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

3 DIRECTORS' EMOLUMENTS AND BENEFITS

	2005 £000	2004 £000
Executive Directors' emoluments	<u>302</u>	<u>297</u>

Neither the chair nor the non-executive directors received any emoluments other than the reimbursement of their necessary expenses.

During the year the number of directors accruing benefits under pension schemes includes a director who retired in the year and the successor director who was appointed in the year.

The number of directors accruing benefits under pension schemes were:

	No.	No.
Defined benefit schemes	<u>4</u>	<u>3</u>

The highest paid director received emoluments and benefits as follows:

	2005 £000	2004 £000
Emoluments and benefits under long term incentive schemes	<u>126</u>	<u>122</u>

At the end of the year the highest paid director had accrued pension rights under defined benefit arrangements as follows:

Accrued annual pension (excluding indexation)	50	47
Accrued lump sum	<u>149</u>	<u>140</u>

Retirement benefits are accruing to all three executive directors under a defined benefit scheme. The defined benefit scheme referred to is the West Yorkshire Pension Fund, details of which are set out in note 24. The scheme is open to all the company's employees, the majority of whom have elected to participate in the scheme.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

4 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2005 £000	2004 £000
Wages and salaries	6,454	5,809
Social security costs	536	473
Other pension costs	494	490
	<u>7,484</u>	<u>6,772</u>

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Administration	27	30
Emergency services	48	48
Air traffic control	36	36
Support services	132	113
	<u>243</u>	<u>227</u>

5 INTEREST PAYABLE

	2005 £000	2004 £000
Other loans – repayable by instalments	189	204
Other loans – not repayable by instalments	388	390
	<u>577</u>	<u>594</u>

6 DIVIDENDS

	2005 £000	2004 £000
Equity: Final 1.3p (2004 – 2.8p) per share proposed	<u>195</u>	<u>420</u>

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

7 TAXATION

	2005 £000	2004 £000
a) Analysis of charge in year		
UK corporation tax		
Current tax on income for the year	94	723
Adjustments in respect of prior periods	(52)	(88)
Total UK taxation	42	635
Deferred tax		
Changes in deferred tax balances arising from: Origination or reversal of timing differences	352	201
Tax on profit on ordinary activities	394	836

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005 £000	2004 £000
Profit on ordinary activities before tax	1,267	2,628
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2004: 30%)	380	788
Effects of:		
Expenses not deductible for tax purposes	26	9
Capital allowances for the period in excess of depreciation	(230)	(157)
Short term timing differences	(52)	83
Adjustments to tax charge in respect of prior periods	(52)	(88)
Tax rate differences	(30)	-
Current tax charge for the year	42	635

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2005

8 TANGIBLE ASSETS

	Freehold land £'000	Freehold buildings £'000	Runways, taxiways & aprons £'000	Plant, equipment & fittings £'000	Vehicles £'000	Noise insulation £'000	Total £'000
Cost or valuation							
At 1 April 2004	5,455	30,179	14,776	14,243	2,719	2,683	70,055
Reclassification	-	(316)	-	316	-	-	-
Additions at cost	869	3,234	117	2,240	185	44	6,689
Disposals	-	-	-	(57)	(2)	-	(59)
At 31 March 2005	6,324	33,097	14,893	16,742	2,902	2,727	76,685
Depreciation							
At 1 April 2004	-	9,027	6,915	8,411	1,781	508	26,642
Reclassification	-	(184)	-	184	-	-	-
Charge for year	-	1,295	459	1,233	155	68	3,210
Disposals	-	-	-	(57)	(2)	-	(59)
At 31 March 2005	-	10,138	7,374	9,771	1,934	576	29,793
Net book value							
At 31 March 2005	6,324	22,959	7,519	6,971	968	2,151	46,892
At 31 March 2004	5,455	21,152	7,861	5,832	938	2,175	43,413

Amounts included at valuation include freehold land of £1,105,000, freehold buildings of £5,466,000 and runways, taxiways and aprons of £9,632,000. These assets were valued by Messrs Weatherall Hollis and Gale in 1987, prior to their transfer to the company. The company's policy is to retain that valuation and show subsequent additions at cost.

Included within freehold buildings are investment properties amounting to £2,062,000 (2004 - £Nil). Investment properties have been valued by the directors on the basis of existing use and at open market value at the year end. The current open market value is considered to be the same as the cost.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

9 FIXED ASSET INVESTMENTS

Cost	Shares in subsidiary undertakings £000
At 1 April 2004 and 31 March 2005	<u>1</u>

At the year end, the company holds investments in 100% of the ordinary share capital of Yorkshire International Airport Limited and Yorkshire Airport Limited.

10 STOCKS

	2005 £000	2004 £000
Consumables	<u>260</u>	<u>266</u>

11 DEBTORS

	2005 £000	2004 £000
Due within one year		
Trade debtors	903	757
Other debtors	232	115
Prepayments and accrued income	<u>923</u>	<u>935</u>
	<u>2,058</u>	<u>1,807</u>

12 CREDITORS

	2005 £000	2004 £000
Amounts falling due within one year		
Debenture loans (note 14)	178	161
Trade creditors	878	1,230
Corporation tax	61	743
Other tax and social security	198	188
Proposed dividends	195	420
Accruals	<u>3,622</u>	<u>4,436</u>
	<u>5,132</u>	<u>7,178</u>

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

13 CREDITORS

	2005 £000	2004 £000
Amounts falling due after more than one year		
Debenture loans (note 14)	1,507	1,685
Other loans (note 14)	4,608	4,608
	<u>6,115</u>	<u>6,293</u>

14 LOANS

Loans fall due for payment as follows:

	2005 £000	2004 £000
Debenture loans at 10.25%		
Within one year	178	161
Between one and two years	195	178
Between two and five years	711	647
After more than five years	601	860
	<u>1,685</u>	<u>1,846</u>

Other loans

After more than five years	<u>4,608</u>	<u>4,608</u>
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Details of other loans due after five years are as follows:

Maturity loan at 9.125% repayable 2013	395	395
Maturity loan at 9% repayable 2014	675	675
Maturity loan at 9.375% repayable 2014	900	900
Maturity loan at 7.875% repayable 2017	120	120
Maturity loan at 9% repayable 2020	1,000	1,000
Maturity loan at 9% repayable 2020	280	280
Maturity loan at 8.25% repayable 2022	283	283
Maturity loan at 6.25% repayable 2023	955	955
	<u>4,608</u>	<u>4,608</u>

The debentures are secured by fixed and floating charge on the assets of the company and are discharged by instalments over 25 years.

The other loans are from Leeds City Council being loans from the Public Works Loan Board to Leeds City Council which have been lent to the company. These are secured by fixed and floating charges on the assets of the company.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000
At 1 April 2004	2,858
Charged to profit and loss	352
At 31 March 2005	3,210

Deferred tax is analysed as follows:

	2005 £000	2004 £000
Capital allowances	3,614	3,294
Other timing differences	(404)	(436)
	3,210	2,858

16 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	Held by
Ordinary "A" shares of £1 each	9,000,000	6,000,000	City of Bradford MDC
Ordinary "B" shares of £1 each	9,000,000	6,000,000	Leeds City Council
Ordinary "C" shares of £1 each	1,500,000	1,000,000	Calderdale MBC
Ordinary "D" shares of £1 each	1,500,000	1,000,000	Kirkless MC
Ordinary "E" shares of £1 each	1,500,000	1,000,000	City of Wakefield MDC
	22,500,000	15,000,000	

17 RESERVES

	2005 £000
Profit and loss account	
At 1 April 2004	20,385
Profit for the year	678
At 31 March 2005	21,063

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS YEAR ENDED 31 MARCH 2005

18 SHAREHOLDERS' FUNDS

	2005 £000	2004 £000
Shareholders' funds at 1 April 2004	35,862	34,490
Profit for the year	873	1,792
Dividends	(195)	(420)
Shareholders' funds at 31 March 2005	<u>36,540</u>	<u>35,862</u>

19 GROSS CASH FLOWS

	2005 £000	2004 £000
Returns on investments and servicing of finance		
Interest received	305	289
Interest paid	(578)	(597)
	<u>(273)</u>	<u>(308)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(6,689)	(6,926)
Receipts from sales of tangible fixed assets	20	4
	<u>(6,669)</u>	<u>(6,922)</u>
Financing		
Repayment of loans	<u>(161)</u>	<u>(147)</u>

20 ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 April 2004 £000	Cash flows £000	Other changes £000	At 31 March 2005 £000
Cash at bank and in hand	6,704	(4,918)	-	1,786
Debt due within 1 year	(161)	161	(178)	(178)
Debt due after 1 year	(6,293)	-	178	(6,115)
Total	<u>250</u>	<u>(4,757)</u>	<u>-</u>	<u>(4,507)</u>

21 CAPITAL COMMITMENTS

At 31 March 2005 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately **£2,543,000** (2004 - £4,633,000).

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

22 OTHER COMMITMENTS

At 31 March 2005 the company had annual commitments under operating leases as follows:

	2005 £000	2004 £000
Expiry date:		
Between one and five years	84	8
After more than five years	-	76

23 TRANSACTIONS WITH RELATED PARTIES

With regard to shareholders having an investment greater than 20% in the company, the following transactions have taken place during the year.

	Leeds City Council		City of Bradford MDC	
	2005 £000	2004 £000	2005 £000	2004 £000
Paid to shareholders:				
Capital expenditure	3	172	-	-
Engineering Services	72	71	-	-
Other	61	19	6	14
Interest:				
Debentures	76	82	76	82
Other	388	389	-	-
Debenture loans:				
Repaid to shareholders	65	59	65	59
Due to shareholders	674	739	674	739

Other loans outstanding at the year end in respect of related parties are disclosed in note 14.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS YEAR ENDED 31 MARCH 2005

24 PENSION COSTS

Certain of the Airport's employees participate in the West Yorkshire Pension Fund, a defined benefit, statutory scheme administered by the City of Bradford Metropolitan Council in accordance with the Local Government Pension Scheme Regulations 1997.

A full actuarial valuation of the defined benefit scheme, the West Yorkshire Pension Fund, was carried out at 31 March 2004 and updated to 31 March 2005 by a qualified independent actuary on a FRS17 basis. The major assumptions at 31 March 2005 used by the actuary were:-

	31 March 2005	31 March 2004	31 March 2003
Inflation assumption (%)	2.9	2.8	2.5
Rate of increase in salaries (%)	4.7	4.3	4.0
Rate of increase of pensions on payment (%)	2.9	2.8	2.5
Discount rate applied to scheme liabilities (%)	5.4	5.5	5.4

Fair value and expected return on assets

	Long-term rate of expected return at 31 March 2005 %	Value at 31 March 2005 £'000	Long-term rate of expected return at 31 March 2004 %	Value at 31 March 2004 £'000	Long-term rate of expected return at 31 March 2003 %	Value at 31 March 2003 £'000
Equities	7.50	15,835	7.50	14,618	7.50	10,492
Government bonds	4.70	2,241	4.70	1,501	4.50	1,915
Other bonds	5.40	423	5.50	1,205	5.40	490
Property	6.50	1,121	6.50	1,007	6.50	827
Other	4.75	1,522	4.00	1,422	3.75	1,593
Total market value of assets		21,142		19,753		15,317
Present value of scheme liabilities		(29,234)		(26,824)		(23,963)
Deficit in the scheme		(8,092)		(7,071)		(8,646)

The above deficit in the scheme is not recognised in the balance sheet in accordance with the transitional arrangements under FRS17.

Contributions of £494,000 made in the year to 31 March 2005 (2004: £492,000). In addition, further payments of £73,000 (2004: £70,000) in respect of early retirement costs due to redundancy and £Nil (2004: £7,000) in respect of recharged pensions were made.

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

24 PENSION COSTS (continued)

Movements in surplus/deficit in the year

	2005 £'000	2004 £'000
Deficit in scheme at beginning of the year	(7,071)	(8,646)
Movement in year:		
Current service cost	(789)	(778)
Contributions	615	569
Other finance charge	(212)	(356)
Actuarial (loss)/gain	(635)	2,140
Deficit in scheme at end of the year	<u>(8,092)</u>	<u>(7,071)</u>

Analysis of amount charged to operating profit

	2005 £'000	2004 £'000
Current service cost (excluding member contributions)	789	778
Curtailment cost	88	72
Total operating charge	<u>877</u>	<u>850</u>

Analysis of the amount credited to other finance income

	2005 £'000	2004 £'000
Expected return on pension scheme assets	1,360	1,037
Interest on pension scheme liabilities	(1,484)	(1,321)
Net loss	<u>(124)</u>	<u>(284)</u>

Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)

	2005 £'000	2004 £'000
Actual return less expected return on pension scheme assets	1,196	2,664
Experience gains and losses arising on the scheme liabilities	(156)	558
Changes in assumptions underlying the present value of the scheme liabilities	<u>(1,675)</u>	<u>(1,082)</u>
Actuarial (loss)/gain recognised in STRGL	<u>(635)</u>	<u>2,140</u>

History of experience gains and losses

	2005 £'000	2004 £'000
Difference between the expected and actual return on scheme assets:		
amount (£)	1,196	2,664
percentage of scheme assets (%)	5.7	13.5
Experience gains and losses on scheme liabilities:		
amount (£)	(156)	558
percentage of the present value of the scheme liabilities (%)	0.5	2.1
Total amount recognised in statement of total recognised gains and losses		
amount (£)	(635)	2,140
percentage of the present value of the scheme liabilities (%)	2.2	8.0

LEEDS BRADFORD INTERNATIONAL AIRPORT LIMITED

ECONOMIC REGULATION

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

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

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

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

		2005		2004	
		£'000	£'000	£'000	£'000
Airport operational activities					
Airport charges -	Revenue	10,875		10,495	
	Costs	<u>16,814</u>		<u>14,315</u>	
			(5,939)		(3,820)
Other income -	Revenue	9,743		8,653	
	Costs	<u>2,191</u>		<u>1,896</u>	
			<u>7,552</u>		<u>6,757</u>
			<u>1,613</u>		<u>2,937</u>
Non-operational activities					
The Company has no such activities under the Act					
Company profit for the year			<u>1,613</u>		<u>2,937</u>

Unless specified elsewhere in these notes, the company received no preferential treatment or financial support from any associated person or organisation during the period of these accounts.