



# Blackpool

INTERNATIONAL

for Lancashire and the Lake District

**BLACKPOOL AIRPORT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**Company No: 2084247**

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### Officers and professional advisers

C Coleman	
C W Condie	
J S Kearsley	(resigned 16 March 2010)
A G Pollock	(appointed 26 March 2010)
A M D Kirkman	(resigned 7 February 2011)
L M Thomson	(appointed 15 March 2011)
P J Lush	
S Orrell	
P Rankin	(appointed 25 Feb 2010)
F A Romeu	
I K Rylatt	
J R C Spooner	
B R Walker	

S T Kendrick

Blackpool Airport  
Squires Gate Lane  
Blackpool  
Lancashire  
FY4 2QY

Michelmores LLP  
Woodwater House  
Pynes Hill  
Exeter  
EX2 5WR

NatWest Bank  
Corporation St  
Blackpool  
Lancashire  
FY1 1EL

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom





# Blackpool Airport Limited

## Directors' report (continued)

### Political and charitable donations

No donations for political or charitable purposes were made during the year or prior year

### Going concern

As outlined in the Accounting policies in note 1, the directors have concluded that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainty, the directors continue to adopt the going concern basis of accounting in preparing the financial statements

### Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



ST Kendrick

Secretary

13th September 2011



# Blackpool Airport Limited

## Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.



## **Independent auditor's report to the members of Blackpool Airport Limited**

We have audited the financial statements of Blackpool Airport Limited for the year ended 31 December 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 21. 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 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, 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 December 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.

### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

The company has reported an operating loss for the year and relies on financial support from its ultimate parent company to enable it to discharge its liabilities as they fall due, however the ultimate parent company has reserved the right to withdraw its support on three months' notice.

These conditions, as explained in more detail in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **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.



## Independent auditor's report to the members of Blackpool Airport Limited (continued)

### 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



Timothy Edge BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

20 September 2011





# Blackpool Airport Limited

## Profit and loss account Year ended 31 December 2010

		2010	2009
	Notes	£	As restated (see note 2) £
<b>Turnover</b>	3	7,197,054	7,047,287
Cost of sales		(3,811,457)	(3,361,367)
<b>Gross profit</b>		3,385,597	3,685,920
Administrative expenses		(6,612,146)	(6,990,980)
<b>Operating loss</b>		(3,226,549)	(3,305,060)
Exceptional items	6	(309,813)	-
Interest payable and similar charges	4	(112,191)	(219,789)
Interest receivable	5	8,120	114
<b>Loss on ordinary activities before taxation</b>	6	(3,640,433)	(3,524,735)
Tax on loss on ordinary activities	9	1,029,518	984,807
<b>Loss on ordinary activities after taxation and retained for the financial year</b>	17, 18	(2,610,915)	(2,539,928)

All amounts above relate to continuing operations of the company

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented





# Blackpool Airport Limited

## Notes to the financial statements

Year ended 31 December 2010

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below, all of which have been applied consistently throughout the current year and prior year.

#### Basis of preparation - Going concern

A letter of support has been provided to the company from the ultimate parent company, Balfour Beatty plc, to confirm that the parent will provide financial support to enable the company to discharge its liabilities as they fall due for a period of twelve months from the date of signing these financial statements. Balfour Beatty plc has reserved the right to withdraw the letter of support during this period on three months' notice.

As described in the directors' report on page 3, the current economic environment is difficult and the company has reported an operating loss for the year. The directors have concluded that Balfour Beatty plc's ability to withdraw support on three months' notice represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainty described above, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Accounting convention

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

#### Cash flow statement

The company is a 95% subsidiary of Balfour Beatty plc and is included in the consolidated financial statements of Balfour Beatty plc, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under FRS 1 (Revised) 'Cash Flow Statements'.

#### Turnover

Turnover is recognised at the tax point of sale when invoiced and from the date of receipt when dealing with cash.

Turnover represents the value of services supplied to external customers during the period, including amounts not invoiced and excludes value added tax and similar sales-based taxes.

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All other exchange differences are dealt with in the profit and loss account.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is calculated on the cost of tangible fixed assets and is charged on a straight-line basis so as to write down the cost of each asset, less estimated residual value, over its expected useful life.

The principal annual rates of depreciation used are as follows:

Leasehold improvements (buildings, runways, resurfacing)	10 – 25 years
Plant and machinery	5 – 10 years
Motor vehicles	4 – 5 years

#### Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.



**Notes to the financial statements (continued)**  
**Year ended 31 December 2010**

Consequently, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.



**Notes to the financial statements (continued)**  
**Year ended 31 December 2010**

The company has made adjustments to correct an error in prior period financial statements. All buildings, runways and resurfacing owned by the company on 5 July 2004 were sold to Blackpool Airport Properties Limited, a group undertaking, on that date. The company did not derecognise these assets as at that date. Further detail on the impact of the prior year adjustments can be found in the tangible fixed assets note (note 10).

	<b>2009</b>
	<b>£</b>
Profit and loss account	
Reduction in depreciation expense	355,633
Balance sheet	
Decrease in tangible fixed assets	(3,347,075)

Turnover relates to the company's main activity which is carried out in the United Kingdom.

	2010 £	2009 £
Bank interest payable	297	561
Intercompany interest payable	111,894	219,228
	<u>112,191</u>	<u>219,789</u>

	2010 £	2009 £
Bank interest receivable	1,799	114
Other interest receivable	6,321	-
	<u>8,120</u>	<u>114</u>



**Notes to the financial statements (continued)**  
**Year ended 31 December 2010**

Loss on ordinary activities before taxation is stated after charging/(crediting)

	2010	2009
		As restated
		(see note 2)
	£	£
Depreciation	522,774	491,038
Operating lease rentals- land and buildings	20,000	20,000
- hire of plant	5,160	5,231
Staff costs (see note 7)	3,681,329	3,644,824
Deferred capital grants released (see note 15)	(46,000)	(46,000)
Exceptional items	309,813	-
	<u>          </u>	<u>          </u>
Analysis of auditor's remuneration		
- audit of the company's financial statements	20,000	21,500
- non-audit services - tax	2,000	2,000
- consultancy	26,000	-
	<u>          </u>	<u>          </u>
	48,000	23,500

Exceptional items of £309,813 (2009 nil) relate to the costs incurred by the company in relation to redundancy and reorganisation, £109,813, as well as legal costs of £200,000

Employee costs, including directors, during the year amounted to

	2010 £	2009 £
Wages and salaries	3,348,435	3,314,546
Social security costs	277,618	276,185
Other pension costs	55,276	54,093
	<u>3,681,329</u>	<u>3,644,824</u>

The average monthly number of employees, including directors, was

	2010 No.	2009 No.
Operations	20	18
Ground services	128	142
Administration	9	9
	<u>157</u>	<u>169</u>



**Notes to the financial statements (continued)**  
**Year ended 31 December 2010**

## 8 Directors' remuneration

The directors did not receive any emoluments as directors of the company during the current year or prior year

## 9. Taxation

	2010 £	2009 £
<b>Current tax</b>		
Current year	(1,029,518)	(983,900)
Prior year adjustment	-	(907)
	<u>                    </u>	<u>                    </u>
UK corporation taxation credit	(1,029,518)	(984,807)

The current tax charge for the year differs from the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010	2009
		As restated (see note 2)
	£	£
<b>Current tax reconciliation</b>		
Loss on ordinary activities before tax	(3,640,433)	(3,524,735)
Current tax at 28% (2009 28%)	(1,019,321)	(986,926)
Effects of		
Expenses not deductible for tax purposes	55,947	98,844
Rate difference	(5,794)	-
Accelerated capital allowances	(75,415)	(128,074)
Prior year adjustment	-	(907)
Other timing differences	96	6,857
Group relief surrendered for no payment	14,969	25,399
Total current tax credit (see above)	(1,029,518)	(984,807)

A deferred tax asset of £3,017,494 (2009 £3,281,662) has not been recognised in these financial statements. The asset would be recognised if it was regarded as more likely than not that suitable profits would be made in the immediate future.

The deferred tax asset relates to accelerated capital allowances (£416,617), tax losses carried forward (£2,600,027) and timing differences (£850)







**Notes to the financial statements (continued)**  
**Year ended 31 December 2010**

	2010 £	2009 £
Trade debtors	488,829	598,370
Amounts due from group undertakings	5,508,932	5,526,432
Group relief recoverable	2,014,325	1,678,198
Other debtors	123,500	120,155
Prepayments and accrued income	165,869	209,882
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	8,301,455	8,133,037

	2010 £	2009 £
Trade creditors	510,977	270,663
Amounts due to group undertakings	17,310,070	15,273,529
Other creditors including taxation and social security	140,422	95,178
Accruals and deferred income	929,569	561,066
Bank overdraft	-	175,845
	<u>18,891,038</u>	<u>16,376,281</u>

	2010 £	2009 £
Accruals and deferred income (see note 15)	719,000	765,000

	2010 £	2009 £
<b>Government grants</b>		
Balance at 1 January 2010	765,000	811,000
Credited to profit and loss account in the year	(46,000)	(46,000)
Balance at 31 December 2010	719,000	765,000



**Notes to the financial statements (continued)**  
**Year ended 31 December 2010**

	2010 £	2009 £
<b>Authorised:</b>		
17,000,000 ordinary shares of £1 each	17,000,000	17,000,000
<b>Issued and fully paid</b>		
16,687,986 ordinary shares of £1 each	16,687,986	16,687,986

	Profit and loss account £	Share premium account £	Total £
As at 1 January 2010 (including prior year adjustment of (£3,347,075), see note 2)	(21,920,036)	7,440	(21,912,596)
Retained loss for the year	(2,610,915)	-	(2,610,915)
At 31 December 2010	(24,530,951)	7,440	(24,523,511)

	2010	2009
		As restated (see note 2)
	£	£
Loss for the financial year	(2,610,915)	(2,539,928)
Opening shareholder's deficit	(5,224,610)	(2,684,682)
Closing shareholder's deficit	(7,835,525)	(5,224,610)

Annual commitments under non-cancellable operating lease rentals are as follows

	Land and buildings	
	2010	2009
	£	£
Expiry date		
Between two and five years	20,000	-
Over five years	-	20,000



# Blackpool Airport Limited

## Notes to the financial statements (continued) Year ended 31 December 2010

### 20. Related parties transactions

On 31 December 2010 the company has an amount due from Blackpool Airport Properties Limited, a group undertaking, of £5,508,932 (2009 £5,526,432). During the year, Blackpool Airport Properties Limited has charged £20,000 (2009 £20,000) in rent and the company has paid £2,500 (2009 £5,250) of expenses on their behalf

On 31 December 2010, the company has an amount due from Balfour Beatty Group Limited, a group undertaking, of £2,014,325 (2009 £1,678,198) being tax recoverable recharged during the year and previous year

On 31 December 2010, the company has an amount due to Regional & City Airports (Blackpool) Limited (formerly City Hopper Airports (Blackpool) Limited), a group undertaking, of £4,956,191 (2009 £4,958,691) The company has paid expenses of £2,500 (2009 £5,500) on their behalf during the year

On 31 December 2010, the company has an amount due to Regional & City Airports (Blackpool) Holdings Limited, a group undertaking, of £4,012,517 (2009 £3,946,430) and the company has been charged £68,586 (2009 £134,548) in interest during the year and the company has paid £2,500 (2009 £nil) of expenses on their behalf

On 31 December 2010, the company has an amount due to Balfour Beatty Group Limited, a group undertaking, of £8,341,362 (2009 £6,368,408) and the company has been charged £43,309 (2009 £84,963) in interest during the year

### 21. Ultimate parent company

The company's immediate parent company is Regional & City Airports (Blackpool) Limited The ultimate parent company and controlling entity is Balfour Beatty plc, which is incorporated in Great Britain

The smallest group in which the results of Blackpool Airport Limited are consolidated is Regional & City Airport (Blackpool) Holdings Limited The consolidated financial statements of this group are available to the public and may be obtained from Regional & City Airports (Blackpool) Holdings Limited, Blackpool Airport, Squires Gate Lane, Blackpool, Lancashire FY4 2QY

The largest group in which the results of Blackpool Airport Limited are consolidated is Balfour Beatty plc The consolidated financial statements of this group are available to the public and may be obtained from Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ