

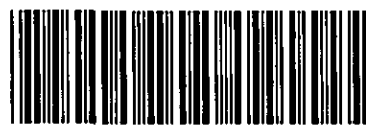
COMPANY REGISTRATION NUMBER 3442017

**WEST MIDLANDS INTERNATIONAL AIRPORT  
LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2007**

FRIDAY



\*L6UH39HV\*

LD4

01/05/2009

115

COMPANIES HOUSE

# **WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2</b>
Independent auditor's report to the shareholders	<b>5</b>
Profit and loss account	<b>7</b>
Balance sheet	<b>8</b>
Cash flow statement	<b>9</b>
Notes to the financial statements	<b>10</b>

# **WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

C. Stipancic Jr.  
T.G. Coughlin  
B.T. Cox  
B.J. Madden

### **Company secretary**

B.J. Madden

### **Registered office**

Howard House  
32-34 High Street  
Croydon  
Surrey  
CR0 1YB

### **Auditor**

Shipleys LLP  
Chartered Accountants  
& Registered Auditors  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

# **WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2007**

The directors present their report and the financial statements of the company for the year ended 31 December 2007.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was the operation of Coventry Airport.

The results for the company show a pre-tax loss of £5,744,650 (2006 : £5,977,978) for the year and sales of £10,428,542 (2006 : £10,194,240).

#### **FUTURE DEVELOPMENTS**

Safety and security are the priority of the management team lead by the Managing Director. The team is confident that Coventry Airport has the potential to significantly increase revenues within its existing operational base. The directors feel that past focus was centred too heavily on trying to entice the major airlines. As a result other activities and revenue streams were not developed to the extent they should have been. The change of focus will now ensure that all aspects of the airport operation are reviewed and developed to their full potential. The airport is close to upgrading its passenger facilities and in particular a new business aviation facility that will offer an excellent service to its existing and potential customers. The airport now has an excellent flexible workforce who are focused on delivering a safe, efficient and customer driven service.

#### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £5,437,837. The directors have not recommended a dividend.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

##### *Financial risk management objectives and policies*

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risk and major uncertainty affecting the company is considered to be liquidity and cash flow risk. A fuller analysis of the steps taken to reduce the company's exposure to liquidity and cash flow risk is included in the Going Concern note on page 12.

The company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to raise funds for and finance the company's operations.

In respect of bank balances the liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the company's operations. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by ensuring that debts are collected within 30 days of due date.

Trade creditors are managed in respect of liquidity risk by ensuring that sufficient funds are available to meet amounts due.

The exposure of the company to price risk is not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

##### *Derivatives*

The company does not have any derivatives.

# **WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**

## **THE DIRECTORS' REPORT *(continued)***

**YEAR ENDED 31 DECEMBER 2007**

### **DIRECTORS**

The directors who served the company during the year were as follows:

W.T. Charnock  
G.C. Farrin Robinson  
M.C. Jepson  
A.S.M. Robinson  
C. Stipancic Jr.

T.G. Coughlin was appointed as a director on 10 October 2008.  
B.T. Cox was appointed as a director on 7 November 2008.  
B.J. Madden was appointed as a director on 12 December 2008.  
C.S. Orphanou was appointed as a director on 10 October 2008.  
E. Leonard was appointed as a director on 10 October 2008.  
W.T. Charnock resigned as a director on 24 August 2008.  
G.C. Farrin Robinson resigned as a director on 12 December 2008.  
M.C. Jepson resigned as a director on 20 February 2008.  
A.S.M. Robinson resigned as a director on 4 March 2008.  
C.S. Orphanou resigned as a director on 29 January 2009.  
E. Leonard resigned as a director on 12 December 2008.

### **DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## THE DIRECTORS' REPORT *(continued)*

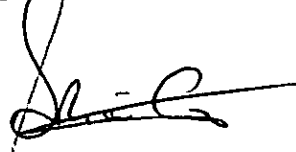
YEAR ENDED 31 DECEMBER 2007

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office:  
Howard House  
32-34 High Street  
Croydon  
Surrey  
CR0 1YB

Signed on behalf of the directors



B.T. Cox

Director

Approved by the directors on 29/4/08

**WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**  
**YEAR ENDED 31 DECEMBER 2007**

We have audited the financial statements of West Midlands International Airport Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2007**

**OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**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 2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £5,437,837 during the year ended 31 December 2007 and, at that date, the company's liabilities exceeded its total assets by £18,178,061. These conditions, along with the other matters explained in Note 2 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 were unable to continue as a going concern.



SHIPLEYS LLP  
Chartered Accountants  
& Registered Auditors

10 Orange Street  
Haymarket  
London  
WC2H 7DQ

**29 APR 2009**



# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
<b>TURNOVER</b>	<b>3</b>	10,428,542	10,194,240
Cost of sales		(5,330,150)	(6,058,729)
<b>GROSS PROFIT</b>		5,098,392	4,135,511
Administrative expenses		(9,436,868)	(10,844,913)
Other operating income	<b>4</b>	—	1,900,000
<b>OPERATING LOSS</b>	<b>5</b>	(4,338,476)	(4,809,402)
Attributable to:			
Operating loss before exceptional items		(5,286,196)	(1,943,261)
Exceptional items	<b>5</b>	947,720	(2,866,141)
		(4,338,476)	(4,809,402)
Interest receivable		30,398	19,512
Interest payable and similar charges	<b>8</b>	(1,436,572)	(1,188,088)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(5,744,650)	(5,977,978)
Tax on loss on ordinary activities	<b>9</b>	306,813	1,308,687
<b>LOSS FOR THE FINANCIAL YEAR</b>		(5,437,837)	(4,669,291)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 19 form part of these financial statements.

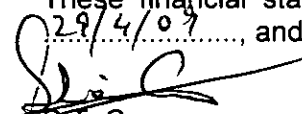
# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	10	8,915,272	10,533,577
<b>CURRENT ASSETS</b>			
Stocks	11	66,870	71,552
Debtors	12	2,057,251	1,566,052
Cash at bank		196,108	1,218,006
		<u>2,320,229</u>	<u>2,855,610</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(2,822,581)</u>	<u>(3,179,828)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(502,352)</u>	<u>(324,218)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,412,920	10,209,359
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(25,289,784)	(20,614,218)
<b>PROVISIONS FOR LIABILITIES OTHER PROVISIONS</b>	15	<u>(1,301,197)</u>	<u>(2,335,365)</u>
		<u>(18,178,061)</u>	<u>(12,740,224)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	19	2	2
Profit and loss account	20	(18,178,063)	(12,740,226)
<b>DEFICIT</b>	21	<u>(18,178,061)</u>	<u>(12,740,224)</u>

These financial statements were approved by the directors and authorised for issue on 29/4/09, and are signed on their behalf by:

  
B. I. Cox  
Director

The notes on pages 10 to 19 form part of these financial statements.

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	£	2006 £	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22	(4,672,845)		(13,805,212)	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(1,406,174)		(1,168,576)	
TAXATION	22	306,813		1,308,687	
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	53,942		(3,463,115)	
CASH OUTFLOW BEFORE FINANCING		(5,718,264)		(17,128,216)	
FINANCING	22	4,675,566		18,470,871	
(DECREASE)/INCREASE IN CASH	22	(1,042,698)		1,342,655	

The notes on pages 10 to 19 form part of these financial statements.

# **WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Leasehold Property	-	2-10% straight line
Plant & Machinery	-	10-50% straight line
Fixtures & Fittings	-	10% straight line
Motor Vehicles	-	10% straight line

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# **WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

### **1. ACCOUNTING POLICIES** *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 2. GOING CONCERN

There is an excess of current liabilities over current assets of £502,352 (2006 : £324,218) and liabilities over assets of £18,178,061 (2006 : £12,740,224), however the directors consider the company to be a going concern for the following reasons:

#### *Freehold and Leasehold Property*

As part of the sale and purchase process in December 2005, a valuation of the company's property was undertaken by Savills (L&P) Limited, dated October 2008. This valued the property at £23,500,000.

#### *Funding and Future Plans*

Subsequent to the year end, the company entered into talks with the commercial operators with a view to securing early termination agreements. These talks were successful and by the latter part of 2008, commercial operations were suspended. This resulted in a significant amount of money being paid to the company which enabled it to pay back a large proportion of its borrowings.

This has allowed the company to concentrate on cargo, ad-hoc charter business and business aviation. At the same time, it enabled the company to reduce overheads and to multi-skill the remaining staff by taking all handling and security services in-house.

A strategic decision has been made not to continue at this time with the appeal against the outcome of the public local inquiry, but to fully refurbish the present departure lounge (which is now completed) and also support the creation of a new Business Handling Unit at the airport.

Whilst the company is currently still loss making, revised budgets and forecasts have been prepared in conjunction with the company's shareholders and bankers, which indicate that with the expected upturn in commercial operations the company will see a breakeven trading position during the year to 31 December 2012. The company's bankers confirmed that they will continue to support the company and its cash flow for at least the next six months.

The directors have also received confirmation from the majority shareholders of the immediate parent company that they will continue to support the company for the foreseeable future and ensure that the company is adequately resourced.

### 3. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2007 £	2006 £
United Kingdom	<u>10,428,542</u>	<u>10,194,240</u>

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 4. OTHER OPERATING INCOME

	2007 £	2006 £
Warranty settlement	<u>-</u>	<u>1,900,000</u>

### 5. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2007 £	2006 £
Depreciation of owned fixed assets	1,550,401	707,399
Profit on disposal of fixed assets	(6,838)	(17,452)
Operating lease costs:		
- Other	487,673	494,118
Net loss on foreign currency translation	33	40
Auditor's remuneration	<u>24,644</u>	<u>31,250</u>
Provision release	(947,720)	-
Research and development for planning application	<u>-</u>	<u>2,866,141</u>

	2007 £	2006 £
Auditor's remuneration - audit of the financial statements	<u>24,644</u>	<u>31,250</u>

### 6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2007 No	2006 No
Number of operational staff	148	160
Number of management and administrative staff	<u>20</u>	<u>18</u>
	<u>168</u>	<u>178</u>

The aggregate payroll costs of the above were:

	2007 £	2006 £
Wages and salaries	4,109,343	4,218,975
Social security costs	403,224	424,596
Other pension costs	<u>142,097</u>	<u>131,761</u>
	<u>4,654,664</u>	<u>4,775,332</u>

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 7. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2007 £	2006 £
Emoluments receivable	<u>47,243</u>	<u>133,412</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Other similar charges payable	<u>1,436,572</u>	<u>1,188,088</u>

### 9. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2007 £	2006 £
Current tax:		
Corporation tax	-	-
Receipts for use of tax losses for group relief	(306,813)	(1,248,073)
Total current tax	<u>(306,813)</u>	<u>(1,248,073)</u>
Deferred tax:		
Origination and reversal of timing differences	-	(60,614)
Tax on loss on ordinary activities	<u>(306,813)</u>	<u>(1,308,687)</u>

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007 £	2006 £
Loss on ordinary activities before taxation	<u>(5,744,650)</u>	<u>(5,977,978)</u>
Loss on ordinary activities by rate of tax	(1,723,395)	(2,363,393)
Unrelieved tax losses	1,723,395	2,363,393
Receipts for use of tax losses for group relief	(306,813)	(1,248,073)
Total current tax (note 9(a))	<u>(306,813)</u>	<u>(1,248,073)</u>



# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 10. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>						
At 1 Jan 2007	250,000	8,921,926	4,072,775	203,080	616,062	14,063,843
Additions	–	316,263	322,719	2,061	39,050	680,093
Disposals	–	(20,102)	(728,072)	(2,397)	(50,333)	(800,904)
Transfers	–	182,082	(199,323)	(3,559)	–	(20,800)
<b>At 31 Dec 2007</b>	<u>250,000</u>	<u>9,400,169</u>	<u>3,468,099</u>	<u>199,185</u>	<u>604,779</u>	<u>13,922,232</u>
<b>DEPRECIATION</b>						
At 1 Jan 2007	14,278	1,720,911	1,265,221	100,241	429,615	3,530,266
Charge for the year	4,986	1,160,603	347,896	13,940	22,976	1,550,401
On disposals	–	(4,266)	(39,282)	(379)	(29,780)	(73,707)
Transfers	–	11,550	(9,893)	(1,657)	–	–
<b>At 31 Dec 2007</b>	<u>19,264</u>	<u>2,888,798</u>	<u>1,563,942</u>	<u>112,145</u>	<u>422,811</u>	<u>5,006,960</u>
<b>NET BOOK VALUE</b>						
<b>At 31 Dec 2007</b>	<u>230,736</u>	<u>6,511,371</u>	<u>1,904,157</u>	<u>87,040</u>	<u>181,968</u>	<u>8,915,272</u>
At 31 Dec 2006	<u>235,722</u>	<u>7,201,015</u>	<u>2,807,554</u>	<u>102,839</u>	<u>186,447</u>	<u>10,533,577</u>

### 11. STOCKS

	2007 £	2006 £
Raw materials	<u>66,870</u>	<u>71,552</u>

### 12. DEBTORS

	2007 £	2006 £
Trade debtors	1,753,980	834,880
Other debtors	1,829	28,345
Prepayments and accrued income	301,442	702,827
	<u>2,057,251</u>	<u>1,566,052</u>

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 13. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	1,553,931	2,174,478
Other taxation and social security	275,810	140,191
Other creditors	16,370	14,370
Accruals and deferred income	976,470	850,789
	<u>2,822,581</u>	<u>3,179,828</u>

### 14. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans	16,332,687	14,911,800
Amounts owed to group undertakings	8,957,097	5,702,418
	<u>25,289,784</u>	<u>20,614,218</u>

The above bank loan is secured by way of a fixed and floating charge over the company's present and future property and assets.

### 15. OTHER PROVISIONS

	Legal provision £	Other provision £	Total £
Balance brought forward	123,645	2,211,720	2,335,365
Utilised in the year	-	(86,405)	(86,405)
Profit and Loss Account movement arising during the year	-	(947,763)	(947,763)
Balance carried forward	<u>123,645</u>	<u>1,177,552</u>	<u>1,301,197</u>

### 16. DERIVATIVES

The company does not have any derivatives.

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2007 £	2006 £
Operating leases which expire: After more than 5 years	<u>475,000</u>	<u>475,000</u>

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 18. RELATED PARTY TRANSACTIONS

Throughout the period under review the immediate and ultimate parent undertaking was CAFCO (Coventry) Limited. As such the company was ultimately under the control of T.G. Coughlan, F.E. Gormley, B. Murtagh and B.J. Madden by virtue of their 75% shareholding in CAFCO (Coventry) Limited. In the post balance sheet period Howard Holdings plc acquired a majority shareholding in CAFCO (Coventry) Limited, and hence became the ultimate parent company and controlling party.

During the year the company transacted purchases of £2,742,212 (2006 : £2,225,992) and sales of £1,000,000 (2006 : £200,000) with CVT Solutions Limited (CVT), a fellow subsidiary company. At the year end and included in creditors due after more than one year, there is a balance of £4,281,621 (2006 : £2,978,889) due to CVT.

During the year the company received funding from CAFCO (Coventry) Limited (CAFCO-C), its parent company. At the year end and included in creditors due after more than one year, there is a balance of £3,535,490 (2006 : £2,723,530) due to CAFCO-C.

During the year the company paid a management fee of £500,000 (2006 : £500,000) to Convergence International Airports Organisation Limited (CIAO). A.S.M Robinson, G.C. Farrin Robinson and C. Stipancic Jr, directors of the company, were also directors of CIAO during the year.

During the year the company made payments to Acefield Systems Limited (AS) of £47,243 (2006 : £18,683) in relation to operational overheads of the airport. W.T. Charnock, director of the company, is also a director of AS.

### 19. SHARE CAPITAL

#### Authorised share capital:

	2007 £	2006 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

#### Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

### 20. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	(12,740,226)	(8,070,935)
Loss for the financial year	<u>(5,437,837)</u>	<u>(4,669,291)</u>
Balance carried forward	<u>(18,178,063)</u>	<u>(12,740,226)</u>

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Loss for the financial year	(5,437,837)	(4,669,291)
Opening shareholders' deficit	(12,740,224)	(8,070,933)
Closing shareholders' deficit	<u>(18,178,061)</u>	<u>(12,740,224)</u>

### 22. NOTES TO THE STATEMENT OF CASH FLOWS

#### RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating loss	(4,338,476)	(4,809,402)
Depreciation	1,550,401	707,399
Profit on disposal of fixed assets	(6,838)	(17,452)
Decrease in stocks	4,682	17,687
Increase in debtors	(491,199)	(754,209)
Decrease in creditors	(357,247)	(7,126,327)
Decrease in provisions	(1,034,168)	(1,822,908)
Net cash outflow from operating activities	<u>(4,672,845)</u>	<u>(13,805,212)</u>

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007 £	2006 £
Interest received	30,398	19,512
Interest paid	<u>(1,436,572)</u>	<u>(1,188,088)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(1,406,174)</u>	<u>(1,168,576)</u>

#### TAXATION

	2007 £	2006 £
Taxation	<u>306,813</u>	<u>1,308,687</u>

#### CAPITAL EXPENDITURE

	2007 £	2006 £
Payments to acquire tangible fixed assets	(680,093)	(3,480,567)
Receipts from sale of fixed assets	<u>734,035</u>	<u>17,452</u>
Net cash inflow/(outflow) from capital expenditure	<u>53,942</u>	<u>(3,463,115)</u>

# WEST MIDLANDS INTERNATIONAL AIRPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

#### FINANCING

	2007 £	2006 £
Increase in bank loans	1,420,887	14,911,800
Repayment of long-term amounts owed to group undertakings	3,254,679	3,559,071
Net cash inflow from financing	<u>4,675,566</u>	<u>18,470,871</u>

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007 £	2006 £
(Decrease)/increase in cash in the period	(1,042,698)	1,342,655
Net cash (inflow) from bank loans	(1,420,887)	(14,911,800)
Net cash (inflow) from long-term amounts owed to group undertakings	<u>(3,254,679)</u>	<u>(3,559,071)</u>
	(5,718,264)	(17,128,216)
Change in net debt	(5,718,264)	(17,128,216)
Net debt at 1 January 2007	<u>(19,396,212)</u>	<u>(2,267,996)</u>
Net debt at 31 December 2007	<u>(25,093,676)</u>	<u>(19,396,212)</u>

#### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2007 £	Cash flows £	At 31 Dec 2007 £
Net cash:			
Cash in hand and at bank	1,218,006	(1,021,898)	196,108
Debt:			
Debt due after 1 year	(20,614,218)	(4,675,566)	(25,289,784)
Net debt	<u>(19,396,212)</u>	<u>(5,697,464)</u>	<u>(25,093,676)</u>