

Airports (UK) No.2 Limited

Directors' Report and Financial Statements 31 December 2009



Table of Contents

Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditors' Report to the Members of Airports (UK) No 2 Limited	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9
1 Principal accounting policies	9
2 Auditors' remuneration	9
3 Employee information	9
4 Taxation	10
5 Debtors	10
6 Share capital	11
7 Profit and loss reserves	11
8 Shareholders' funds	12
9 Directors' remuneration	12
10 Related party transactions	12
11 Immediate and ultimate parent company	12
12 Subsequent Events	12

General Information

■ **Directors**

The directors who held office during the year and up to the date of this report were as follows

Nick Holt	(appointed 21 December 2009)
Ben Hewetson	(appointed 21 December 2009, resigned 22 July 2010)
John Stent	(appointed 22 April 2010)

■ **Corporate Secretary**

Intertrust (UK) Limited

■ **Registered Office**

Intertrust (UK) Limited
11 Old Jewry
London, England EC2R 8DU

■ **Statutory auditors**

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London, UK
SE1 2RD

Directors' Report

■ **Principal Activity**

The principal activity of the Company consists of investment in airports

The directors do not expect any significant change to the Company's activities to occur in the following year

■ **Results and Dividend**

The (loss)/profit for the year amounted to (£2,300) (2008 £94,322) for the year ended 31 December 2009. No dividend was paid in respect of the year ended 31 December 2009

■ **Key Performance Indicators**

Given the straightforward nature of the business and the information provided elsewhere in this report, the directors are of the opinion that the production of KPIs in the Directors' Report is not necessary for an understanding of the development, performance or position of the business

■ **Financial Risk Management**

The Company has no exposure to Credit Risk, Liquidity Risk, and Interest Rate Risk due to the nature of the Company's activities

■ **Post Balance Sheet Events**

Since the end of the year, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in years subsequent to the year ended 31 December 2009

■ **Directors**

The directors who held office during the year and up to the date of this report were as follows

Martyn Booth	(resigned 21 December 2009)
Simon Geere	(resigned 14 October 2009)
Leigh Hamson	(resigned 14 October 2009)
Nick Holt	(appointed 21 December 2009)
Ben Hewetson	(appointed 21 December 2009, resigned 22 July 2010)
John Stent	(appointed 22 April 2010)

■ **Auditors**

In accordance with s487(2) of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed

On behalf of the board

John Stent 

Date September 27, 2010

Statement of Directors' Responsibilities

The directors are required by the Companies Act 2006 to prepare financial statements for each financial year which 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 financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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 Auditors' Report to the Members of Airports (UK) No. 2 Limited

We have audited the financial statements of Airports (UK) No 2 Limited for the year ended 31 December 2009 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 December 2009 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.



Craig Stafford (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
September 27, 2010

Profit and Loss Account

	Note	Year ended 31 December 2009	Year ended 31 December 2008
		£	£
Turnover		-	94,081
Operating expenses		(2,300)	(11)
(Loss)/Profit on ordinary activities before taxation		(2,300)	94,070
Taxation on ordinary activities	4	-	252
(Loss)/Profit on ordinary activities after taxation		(2,300)	94,322

Turnover and profit on ordinary activities before taxation relate wholly to continuing operations

The Company has no recognised gains or losses other than the loss for the year

The notes on pages 9 to 12 form an integral part of these financial statements

Balance Sheet

	Note	2009 £	2008 £
Current Assets			
Debtors (Greater than 12 months £nil 2008 £2,026)	5	2,026	2,026
Cash		28	28
Called up share capital not paid		1	-
		<u>2,055</u>	<u>2,054</u>
Current Liabilities			
Creditors amounts due within one year		(2,300)	-
Net Assets		<u>(245)</u>	<u>2,054</u>
Capital and Reserves			
Called up share capital	6	2	1
Profit and loss reserve	7	(247)	2,053
Shareholders' funds	8	<u>(245)</u>	<u>2,054</u>

The notes on pages 9 to 12 form an integral part of these financial statements

These financial statements were approved by the board of directors on September 27, 2010 and were signed on its behalf by



John Stent
Director

Notes to the Financial Statements

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

(a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial instruments, in accordance with the Companies Act 2006, and with applicable accounting standards. The Company has received assurance from its parent company (Bristol Airports Bermuda Ltd) that the Company has adequate resources to continue in existence for the foreseeable future.

(b) Profit and loss account

Certain captions such as turnover and cost of sales, as prescribed in the Companies Act 2006, do not have meaningful equivalents for the business of the Company and are not specified in the financial statements. Accordingly, the precise format requirements of the Companies Act 2006 have been varied as, in the opinion of the directors, this is necessary in order to show a more appropriate view of the Company's performance.

(c) Cash flow statement

The Company has taken advantage of the provisions of *FRS 1 – Cash Flow Statements (revised 1996)*, which exempt a company from preparation of a cash flow statement where it is at least a 90% owned subsidiary of a group.

(d) Borrowings

Borrowings are recognised when issued at the amount of the net proceeds received and carried at this amount until the liabilities are settled.

(e) Cash

Cash includes cash on hand held at a financial institution.

(f) Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is calculated on the full provision basis in respect of timing differences between accounting and taxation treatment of income and expense where, in the opinion of the directors, it is probable that a taxation liability or asset will crystallise in the foreseeable future. The provision is calculated using the rates expected to be applicable when the liability crystallises. The disclosures in these financial statements are in accordance with *FRS 19 Deferred Tax*.

(g) Turnover

There was no turnover reported in the current year. The turnover from the prior year consisted of interest income earned on the cash balance.

2. Auditors' remuneration

The fees payable to the company's auditors is £2,300 for the year ended 31 December 2009. The fees payable to the company's auditors for the year ended 31 December 2008 was paid by the parent company of £2,300.

3. Employee information

The Company had no employees during the year (2008 nil).

4. Taxation**(a) Analysis of credit in the year**

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Current tax		
Amount receivable from Bristol Airports (UK) No 3 Limited ("BAUK3") in respect of group relief	-	252
Total current tax expense/credit	-	252
Deferred tax		
Total deferred tax	-	-
Tax on (loss) / profit on ordinary activities	-	252

The amount receivable from BAUK3 represents a receipt for group relief surrendered by the Company in respect of the years ended 31 December 2008 that will be received in 2010 (note 8)

(b) Factors affecting tax for the year

The tax assessed in the year is no different from the standard rate of corporation tax in the UK (2008 28%) The differences are explained below

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
(Loss) / Profit for the year	(2,300)	94,070
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(644)	26,340
Effects of		
Tax losses surrendered to fellow group companies	-	252
Tax losses not utilised in the year	644	-
Tax losses utilised in the year	-	(26,592)
Consideration to be received in respect of tax losses sold during the year	-	(252)
Current tax credit for the year (note 4 (a))	-	(252)

A deferred tax asset of £644 (2008 – £nil) has not been recognised in respect of losses as the company does not anticipate taxable profits to arise within the immediate future

5. Debtors

	2009 £	2008 £
Amounts falling due within one year		
Amounts owed by group undertaking – BAUK3	2,026	2,026
	2,026	2,026

The amount receivable from Bristol Airport (UK) No 3 Limited represents a receipt for group relief surrendered by the Company in respect of the years ended 31 December 2007 and 31 December 2008 that will be received in 2010 (note 4) and are not interest bearing

6. Share capital

	2009 Number	2009 £	2008 Number	2008 £
Authorised				
Ordinary shares of £1 each	979,840,000	979,840,000	979,840,000	979,840,000
Redeemable ordinary shares of £1 each	20,160,000	20,160,000	20,160,000	20,160,000
Ordinary A shares of £0.01 each	100	1	-	-
	<u>1,000,000,100</u>	<u>1,000,000,001</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Allotted and fully paid				
Ordinary shares of £1 each	1	1	1	1
Ordinary A shares of £0.01 each	100	1	-	-
	<u>101</u>	<u>2</u>	<u>1</u>	<u>1</u>

On 10 December 2001, the Company issued 1 ordinary share for a consideration of £1 to Bristol Airport (Bermuda) Limited, a Bermuda company

On 20 December 2001, the Company issued 20,160,000 redeemable ordinary shares to Bristol Airport (Bermuda) Limited for a consideration of £20,160,000

The rights of holders of ordinary shares include one vote for every share paid. Any dividends declared are paid according to the amounts paid up on the shares on which the dividend is paid. All rights are attached to the ordinary shares except the right to appoint or remove director(s).

The rights attaching to the Redeemable Ordinary Shares shall be the same as those attaching to the Ordinary Shares under the Articles with the exception that the Company shall have the right to redeem all or any of the Redeemable Ordinary Shares for the time being outstanding and fully paid up.

The Company had, by a Special Resolution passed on 20 December 2007, approved a payment out of capital of £20,160,000 for the purpose of acquiring by redemption 20,160,000 redeemable ordinary shares of £1 each in its own share capital. The payment out of capital was made by the Company on 28 January 2008, following the completion of the statutory time frame (five weeks) for creditors and members of the Company to object to the redemption of shares.

On 18 December 2009, the Company issued 100 ordinary A shares for a consideration of £1 of which 30 shares are allotted to Bristol Airport Bermuda Limited (BABL) and 70 shares are allotted to Rothean Corporation. These shares carry no rights other than the right to appoint or remove director(s). There was no transaction cost related to the issue of these shares.

7. Profit and loss reserves

	2009 £	2008 £
Profit and loss reserve as at 1 January	2,053	50,757
(Loss) / Profit for the financial year	(2,300)	94,322
Dividend paid	-	(143,026)
As at 31 December	<u>(247)</u>	<u>2,053</u>

8. Shareholders' funds

	2009 £	2008 £
Movement in shareholders' funds comprised the following		
At the beginning of the year	2,054	20,210,758
Redemption of ordinary shares of £1 each		(20,160,000)
Retained (loss) / profit for the financial year	(2,300)	94,322
Dividend paid		(143,026)
Shareholders' funds at 31 December	(246)	2,054

9. Directors' remuneration

Directors' remuneration for the year is nil (2008 nil). During 2009, the Directors perform director duties for multiple entities in the BABL group of companies. The Directors received no remuneration for the services they performed for the Company.

10. Related party transactions

On December 21, 2009, the Ontario Teacher's Pension Plan ("OTPP") and Rothean Corporation completed the transaction to acquire Macquarie Airports Group ("MAP") stake in BABL for £124 million. After the transaction OTTP & Rothean Corporation together own 98% of BABL.

11. Parent company and controlling party

The immediate parent company is Bristol Airport (Bermuda) Limited ("BABL"), a company incorporated in Bermuda and registered at the following address, Penboss Building 50 Parliament Street, Hamilton, HM 12 Bermuda.

The ultimate controlling party is Ontario Teachers' Pension Plan ("OTPP"), a pension plan in Canada and is registered at the following address, 5650 Yonge Street, Toronto, Ontario M2M 4H5.

12. Subsequent Events

There are no circumstances or events subsequent to December 31, 2009 which require adjustment of or disclosure in the financial statements or in the notes thereto.