

**Glasgow Prestwick Airport Limited**

Directors' report and financial statements

Registered number SC135362

31 March 2007

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

### Principal activity and business review

The principal activity of the company continues to be the operation of Glasgow Prestwick Airport

Turnover was £3,632,000 down on the previous year at £19,743,000. This decrease predominantly reflects the downturn in fuel revenue, charter revenue and duty free revenue, however the impact on profitability is offset to some extent by a decrease in fuel costs.

From April 2006 to March 2007 new passenger services were introduced by incumbent airlines Ryanair and Wizz to Wroclaw, Riga, Grenoble and Derry. Freight tonnages improved on prior years declines with a healthy increase of 8.3%.

Glasgow Prestwick's key challenge with passenger services is to make them more profitable. The airport's net income per passenger from services such as retail, advertising and car parking continue to be an important component of the Airport's revenues. A program of reinvigorating the terminal with well recognised brand name retailers commenced and a new long term carpark meeting high industry recognised standards has opened. Investment has been made into airport rental properties allowing vacancy rates to be reduced and a new advertising partnership has been established. Improvements will continue to accommodate growth where these improvements make commercial sense.

With the decline in freight now halted the challenge is to continue this improvement. Freight airlines, and their associated ground logistics partners, have been encouraged to use Glasgow Prestwick as a gateway to the UK rather than just to central Scotland. In October the Airport signed an agreement with British Airways World Cargo which resulted in the market leader now using Prestwick Airport. A substantial marketing push and development of relationships with freight companies and end users will continue.

The principle risks, strengths and uncertainties which affect the business include the following:

- **Passenger demand for air travel:** passenger demand for low cost air travel is expected to increase for the foreseeable future. Opening of labour markets with EU membership has and will continue to provide growth for aviation. Eastern Europe as evidenced by the introduction of new routes at Prestwick provides an attractive opportunity for low cost operators such as Ryanair and Wizz. The doubling of the Governments imposed passenger tax appears to have slowed domestic UK travel, a factor that will need to be watched closely in the coming year.

Recent events have shown the resilience of passengers and their willingness to fly. Security events of September which led to the banning of all liquids within hand luggage did not discourage air travel. The airport responded well to the increased requirements and remained fully operational while other airports found it necessary to close.

- **Operational disruption:** the airport has business continuity plans in place and has the competitive advantage of being flexible and able to quickly react. This was particularly evident when a ban on liquids in passenger hand luggage was introduced following a national security threat.

The availability of significant runway capacity coupled with very favourable weather conditions means the airport is often used by carriers unable to land at other airports in poor weather. The airport also benefits from the experience and resources that can be drawn from the other airports within the Group as and when required. The company has good relationships with all relevant authorities.

- **Environmental:** the company endeavours to implement best practice in respect of its surrounding environment, this is reviewed and assessed regularly in conjunction with the relevant authorities.
- **Commercial relationships:** the company actively manages its customer relationships particularly having regard to the significant contribution from the main low cost carrier at the airport.

## Directors' report *(continued)*

- **Competition:** the airport competes with other airports but its structure enables it to offer a low cost and flexible option to airlines through its 24 hour operations and available runway capacity
- **Litigation.** the company is subject to litigation from time to time. The outcome of legal action is always uncertain and there is always a risk that it may prove more costly and time consuming than expected

Key areas relating to strategic development and performance of the business include

- **Business development:** this is essential to drive the business forward, building on the significant passenger growth in recent years, and growing the freight business once more. The key competitive advantage that the airport has over its competitors is capacity and flexibility of operations combined with excellent transport links. Low cost and quality of service is a focus that is maintained
- **Health and Safety.** the company endeavours to have leading health and safety compliance and works closely with its employees and external agencies to implement best practice policies and guidelines. The airport has been recognised for its work with employees in improving health and reducing absence
- **Community:** Infratil is notable for its willingness in the corporate environment to commit resources, and credibility, to projects with a community orientation. The company appreciates and recognises the critical role it plays in the prosperity of the local community as well as providing special work programmes for deprived and challenged people in the surrounding area. The airport works with and supports local school, charity and volunteer groups

Key financial performance indicators include the monitoring and management of profitability and contribution across key business lines as well as the control and management of working capital

<b>Glasgow Prestwick</b>	<b>2007</b>	<b>2006</b>	<b>Measure</b>
<b>Financial</b>	<b>£m</b>	<b>£m</b>	
Total aero income	13.0	15.3	Total aeronautical revenue (including fuel)
Passenger services contribution	5.8	5.9	Retail/commercial turnover net of cost of sales
Aeronautical costs	12.7	14.3	Total aeronautical costs
EBITDA	0.28	0.97	Earnings before interest, taxation and depreciation and amortisation

Key non financial performance indicators include the monitoring of passenger numbers, freight tonnage, employees' health and safety, environmental impact and perception in the community

<b>Glasgow Prestwick</b>	<b>2007</b>	<b>2006</b>	<b>Measure</b>
<b>Non financial</b>			
Passengers	2,401,305	2,368,755	Total arriving and departing passengers
Freight tonnes	30,513	28,176	Total imported and exported freight
Reportable incidents	12	23	The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

### Dividend

The directors do not propose the payment of a dividend in respect of the current year (2006 £Nil)

## **Directors' report** *(continued)*

### **Directors**

The directors who held office during the year were as follows

HRL Morrison  
P Ridley Smith  
WJ Barr, OBE  
MC Seidenstucker (resigned 1 March 2007)  
S Fitzgerald

Subsequent to the year end, P Walker was appointed as a director on 1 December 2007

### **Financial instruments**

The company's policy is to minimise the use of complex financial instruments

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Employees**

The company recognises its obligations to give disabled people full and fair consideration for all vacancies subject to the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain existing employees who become disabled and at the same time provide fair opportunities for the career development of disabled people.

During the year under review, arrangements have been maintained whereby employees of the company are systematically provided with information on matters of concern to them as employees. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

### **Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



**S Fitzgerald**  
Director

Glasgow Prestwick Airport  
Prestwick  
KA9 2PL

24<sup>th</sup> January 2008

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

191 West George Street  
Glasgow  
G2 2LJ  
United Kingdom

### **Independent auditors' report to the members of Glasgow Prestwick Airport Limited**

We have audited the financial statements of Glasgow Prestwick Airport Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 judgments 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.

## **Independent auditors' report to the members of Glasgow Prestwick Airport Limited (*continued*)**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 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 – possible outcome of formal proceedings initiated by the European Commission***

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 9 to the financial statements concerning the possible outcome of the formal proceedings by the European Commission alleging state aid, where one of the company's subsidiaries is the defendant. The group is contesting the allegation. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

**KPMG LLP**  
**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

30 January 2008



**Profit and loss account**  
*for the year ended 31 March 2007*

	<i>Note</i>	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
<b>Turnover</b>	<i>1</i>	<b>19,743</b>	23,375
Cost of sales		<b>(17,785)</b>	(20,318)
<b>Gross profit</b>		<b>1,958</b>	3,057
Administrative expenses		<b>(2,274)</b>	(2,618)
<b>Operating (loss)/profit</b>		<b>(316)</b>	439
Interest receivable	<i>5</i>	<b>554</b>	214
Interest payable and similar charges	<i>6</i>	<b>(441)</b>	(168)
<b>(Loss)/profit on ordinary activities before taxation</b>	<i>2</i>	<b>(203)</b>	485
Tax on (loss)/profit on ordinary activities	<i>7</i>	<b>(30)</b>	(15)
<b>(Loss)/profit for the financial year</b>	<i>16</i>	<b>(233)</b>	470

The company had no recognised gains or losses other than the above (loss)/profit for the financial year

**Balance sheet**  
*at 31 March 2007*

	<i>Note</i>	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	8	3,076	2,941
Investments	9	18,014	13,323
		<u>21,090</u>	<u>16,264</u>
<b>Current assets</b>			
Stocks	10	91	69
Debtors (including £7,446,000 due after more than one year (2006 £2,940,000))	11	10,716	6,502
Cash at bank and in hand		1,040	1,872
		<u>11,847</u>	<u>8,443</u>
<b>Creditors</b> amounts falling due within one year	12	(24,575)	(18,363)
<b>Net current liabilities</b>		<u>(12,728)</u>	<u>(9,920)</u>
<b>Total assets less current liabilities</b>		<u>8,362</u>	<u>6,344</u>
<b>Creditors</b> amounts falling due after more than one year	13	(7,926)	(5,701)
<b>Provisions for liabilities and charges</b>	14	(179)	(153)
<b>Net assets</b>		<u>257</u>	<u>490</u>
<b>Capital and reserves</b>			
Called up share capital	15		
Profit and loss account	16	257	490
<b>Shareholders' funds</b>	17	<u>257</u>	<u>490</u>

These financial statements were approved by the board of directors on 24<sup>th</sup> January 2008 and were signed on its behalf by

  
**S Fitzgerald**  
Director

## Notes

*(forming part of the financial statements)*

### 1 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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £12,728,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Infratil Airports Europe Limited, the company's intermediate holding undertaking. Infratil Airports Europe Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to continue in operation and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

General plant and equipment	Up to 20 years
Motor vehicles	4 years

#### *Taxation*

The charge for taxation is based on the profit 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 tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### *Government grants*

Capital based government grants are included within deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

## Notes (continued)

### 1 Accounting policies (continued)

#### Investments

Investments in subsidiary undertakings are stated at cost less amounts written off

#### Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Stocks

Stocks are stated at the lower of cost and net realisable value

#### Pension costs

The Company operates a defined contribution stakeholder scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

The pension charge represents the amounts payable by the company to these funds in respect of the accounting period.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

### 2 (Loss)/profit on ordinary activities before taxation

	2007 £000	2006 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets	553	531
Profit on sale of fixed assets		(24)
Hire of plant and machinery rentals payable under operating leases	143	146
Auditor's remuneration in respect of the audit of these financial statements	40	37
Grant release (note 13)	(50)	(31)

### 3 Remuneration of directors

	2007 £000	2006 £000
Directors' emoluments	285	310
Company contributions to defined contribution pension schemes		5
	<u>285</u>	<u>315</u>

The remuneration of the highest paid director was £200,000 (2006 £122,000). No pension contribution was made during the year for this director (2006 £Nil).

During the year no contributions were paid to a defined contribution pension scheme on behalf of directors (2006 two).

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Administrative and managerial	38	48
Operational	389	372
	<u>427</u>	<u>420</u>

The aggregate payroll costs of these persons were as follows

	2007	2006
	£000	£000
Wages and salaries	9,488	8,856
Social security costs	906	839
Other pension costs	218	197
	<u>10,612</u>	<u>9,892</u>

### 5 Interest receivable and similar income

	2007	2006
	£000	£000
Interest received from group companies	472	136
Other interest	82	78
	<u>554</u>	<u>214</u>

### 6 Interest payable and similar charges

	2007	2006
	£000	£000
Unwinding of discount on deferred consideration	281	96
Other interest	160	72
	<u>441</u>	<u>168</u>

## Notes (continued)

### 7 Taxation

	2007 £000	2006 £000
<i>(a) Analysis of taxation charge</i>		
<i>UK corporation tax</i>		
Group relief payable at 30%	4	
Current tax on income for the year at 30%		196
Adjustments in respect of prior periods		(50)
	<u>4</u>	<u>146</u>
Deferred tax origination of timing differences	30	14
Deferred tax in respect of prior periods	(4)	(145)
	<u>26</u>	<u>(131)</u>
Total tax charge	<u>30</u>	<u>15</u>
<i>(b) Factors affecting the tax charge</i>		
	2007 £000	2006 £000
(Loss)/profit on ordinary activities before tax	(203)	485
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(61)	146
Effects of		
Disallowable expenditure	95	64
Fixed asset timing differences	(30)	(14)
Prior year over provisions		(50)
Total corporation tax charge	<u>4</u>	<u>146</u>

## Notes (continued)

### 8 Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Total £000
<b>Cost</b>			
At beginning of year	6,425	48	6,473
Additions	688		688
At end of year	<u>7,113</u>	<u>48</u>	<u>7,161</u>
<b>Depreciation</b>			
At beginning of year	(3,505)	(27)	(3,532)
Charge for year	(541)	(12)	(553)
At end of year	<u>(4,046)</u>	<u>(39)</u>	<u>(4,085)</u>
<b>Net book value</b>			
At 31 March 2007	<u>3,067</u>	<u>9</u>	<u>3,076</u>
At 31 March 2006	<u>2,920</u>	<u>21</u>	<u>2,941</u>

### 9 Fixed asset investments

	Shares in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
At beginning of year	5,370	7,953	13,323
Additions	2,706	2,255	4,961
Adjustments to deferred consideration in relation to acquisitions in the prior year	(270)		(270)
At end of year	<u>7,806</u>	<u>10,208</u>	<u>18,014</u>

On 11 August 2006 the company acquired all of the shares of The Airport Driving Range Company Limited. The consideration was £200,000 in cash and £2,464,000 of loan notes redeemable during 2007 and 2008. Expenses of £42,000 were incurred in respect of the acquisition.

Detail of the company's subsidiary undertakings are as follows:

Name	Country of registration	Principle activity	Percentage of shares held
Flughafen Lubeck GmbH	Germany	Owner and operator of Lubeck Airport	90%
The Airport Driving Range Company Ltd	Scotland	Landowner	100%
Airward Aviation Services Ltd	Scotland	Dormant	100%

## Notes (continued)

### 9 Fixed asset investments (continued)

Subsequent to the year end the European Commission opened formal proceedings alleging state aid in relation to Luebeck airport (owned and operated by Flughafen Luebeck GmbH, one of the company's subsidiaries). Luebeck is one out of four airports in Germany where the European Commission opened a formal proceeding. The company's immediate parent undertaking, Infratil Airports Europe Limited ("IAEL"), understands a significant number of others in Germany and elsewhere in the European Union are in earlier stages of investigation.

Of the four matters being investigated, three related to events prior to the sale of the airport to the company. Whilst Infratil Airports Europe Limited and Flughafen Luebeck GmbH are working with Ryanair, the Hanseatic City of Luebeck and the government of the Federal Republic of Germany to refute these accusations, their outcome is not expected to affect the company's financial position.

In relation to the fourth, Infratil Airports Europe Limited and Flughafen Luebeck GmbH fully maintain their legal and factual position that the open tender process in 2005 that resulted in the purchase of Flughafen Luebeck GmbH cannot by its very nature involve state aid and continue to be confident that they will be able to demonstrate this to the Commission and, if necessary, the European Court of Justice. As the directors cannot predict with any degree of certainty the outcome of the above matter, it is not possible to assess accurately the quantum of any financial cost to the group.

### 10 Stocks

	2007	2006
	£000	£000
Consumables	<u>91</u>	<u>69</u>

### 11 Debtors

	2007	2006
	£000	£000
<b>Amounts due within one year</b>		
Trade debtors	2,386	2,580
Amounts owed by group undertakings	221	265
Other debtors	30	20
Prepayments and accrued income	<u>633</u>	<u>697</u>
	<b>3,270</b>	<b>3,562</b>
<b>Amounts due after one year</b>		
Amounts owed by group undertakings	<u>7,446</u>	<u>2,940</u>
	<b>10,716</b>	<b>6,502</b>

The Company has provided a subsidiary undertaking with funds which it intends to be made available for at least the next 12 months. The directors have therefore considered it appropriate to disclose this debt as due after one year.



## Notes (continued)

### 12 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	539	295
Amounts owed to group undertakings	21,765	16,720
Taxation and social security	271	246
Accruals and deferred income	1,800	1,102
Loan notes (see note 13)	200	
	<u>24,575</u>	<u>18,363</u>

### 13 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Deferred consideration (see note 8)	5,039	5,028
Deferred grant income	623	673
Loan notes	2,264	
	<u>7,926</u>	<u>5,701</u>

The guaranteed loan notes are unsecured £200,000 is repayable on 15 April 2007 with the remainder payable on 15 April 2008. The loan notes bear interest at normal commercial rates.

### Deferred grants comprise

	2007 £000	2006 £000
At beginning of year	673	552
Received in year		152
Released to profit and loss account	(50)	(31)
At end of year	<u>623</u>	<u>673</u>

## Notes (continued)

### 14 Provisions for liabilities and charges

	2007	2006
	£000	£000
Deferred tax		
At beginning of year	153	284
Credit to profit and loss account	26	(131)
	<u>179</u>	<u>153</u>
Deferred tax arises on		
	2007	2006
	£000	£000
Accelerated capital allowances	376	360
Other timing differences	(197)	(207)
	<u>179</u>	<u>153</u>

### 15 Called up share capital

	2007	2006
	£	£
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, issued and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 16 Profit and loss account

	2007
	£000
Balance at beginning of year	490
Loss for the financial year	<u>(233)</u>
<b>Balance at end of year</b>	<u><b>257</b></u>

## Notes (continued)

### 17 Reconciliation of movement in shareholders' funds

	2007	2006
	£000	£000
(Loss)/profit for the year	(233)	470
Opening shareholders' funds	490	20
Closing shareholders' funds	<u>257</u>	<u>490</u>

### 18 Guarantees and other financial commitments

- There were commitments for capital expenditure totalling £Nil at 31 March 2007 (2006 £150,000)
- The company has commitments under operating leases of £62,000 (2006 £41,000) relating to the hire of plant and machinery. These commitments expire within 1 to 5 years.

### 19 Pensions

The pension scheme operated by the group is a defined contribution scheme. The pension cost charge for the year represents contributions payable to the scheme and amounted to £218,000 (2006 £197,000). There are outstanding contributions at the end of the year of £35,000 (2006 £32,000).

### 20 Related party disclosures

As the company is a wholly owned subsidiary of Infratil Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of that group (or investees of the group qualifying as related parties). The consolidated financial statements of Infratil Limited can be obtained from the address given in note 21.

### 21 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Infratil Limited incorporated in New Zealand which is the largest group in which the results of the company are consolidated. The smallest group in which they are consolidated is that headed by Infratil Airports Europe Ltd. The consolidated accounts of Infratil Airports Europe Limited are available to the public from the group's registered office Glasgow Prestwick Airport, Prestwick, KA9 2PL, Scotland. The consolidated accounts of Infratil Limited are available to the public from the group's registered office, 97 The Terrace, PO Box 320, Wellington, New Zealand or from the group's website [www.infratil.com](http://www.infratil.com)