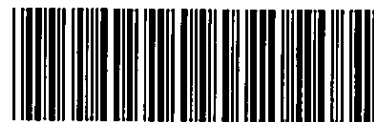


**COMPANY REGISTRATION NUMBER 5001252**

**CONVERGENCE INTERNATIONAL AIRPORTS  
ORGANISATION LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST DECEMBER 2007**

**TUESDAY**



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# **CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2007**

<b>CONTENTS</b>	<b>PAGE</b>
The directors' report	<b>1</b>
Profit and loss account	<b>3</b>
Balance sheet	<b>4</b>
Notes to the financial statements	<b>5</b>

# **CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED**

## **THE DIRECTORS' REPORT**

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

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

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the year were:

- the provision of design, project management and technical advisory services for aviation operations and facilities;
- the ownership, development and management of airports and associated assets.

#### **DIRECTORS**

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

Mr A S M Robinson  
Mr J Taylor  
Mr C Stipancic Jr.  
Mrs G C Farrin Robinson  
Mr C S Orphanou  
Mr M Vaughan Johns  
Mr E Leonard

Mr E Leonard was appointed as a director on 28th February 2007.  
Mr J Taylor retired as a director on 5th September 2007.  
Mr C Stipancic Jr. retired as a director on 5th September 2007.  
Mr M Vaughan Johns retired as a director on 4th March 2008.  
Mr A S M Robinson retired as a director on 6th March 2008.  
Mr C S Orphanou retired as a director on 12<sup>th</sup> December 2008.

#### **BUSINESS REVIEW**

From January 2006, the company (CIAO) Airport has had an exclusive contract to manage Coventry International Airport under an Airport Management and Operating Services Agreement (AMOSA). In December 2008, companies associated with CIAO sold their shares in CAFCO (Coventry) Limited, which owns the companies that own and operate Coventry Airport. At the same time, CIAO's contract to manage the Airport was terminated and compensation was paid to CIAO.

As a result, the Directors are currently reviewing proposals for the development of the company, its sources of revenue and funding, and the exploitation of its skills and experience.

#### **GOING CONCERN**

These financial statements have been prepared on a going concern basis, as described in Note 1 on page 5.

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2007

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
Castle Court  
41 London Road  
Reigate  
Surrey  
RH2 9RJ

Signed by order of the directors



D J WATERHOUSE  
Company Secretary

Approved by the directors on 2nd March 2009

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2007

	Note	2007 £	2006 £
<b>TURNOVER</b>		1,057,259	1,088,377
Cost of sales		—	(120)
<b>GROSS PROFIT</b>		1,057,259	1,088,257
Administrative expenses		(1,022,859)	(1,067,550)
Bad Debt provisions and Write-offs		(76,504)	(2,798)
<b>OPERATING PROFIT/(LOSS)</b>	2	(42,104)	17,909
Interest receivable		3,937	1,053
Interest payable and similar charges		(16,738)	(109)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(54,905)	18,853
Tax on profit/loss on ordinary activities		(899)	—
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		(55,804)	18,853
Balance brought forward		(365,287)	(384,140)
Balance carried forward		(421,091)	(365,287)

The notes on pages 5 to 11 form part of these financial statements.

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## BALANCE SHEET AT 31ST DECEMBER 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	3	8,713	11,612
Investments	4	100	800
		<u>8,813</u>	<u>12,412</u>
<b>CURRENT ASSETS</b>			
Debtors	5	585,770	285,400
Cash at bank		95,115	23,016
		<u>680,885</u>	<u>308,416</u>
<b>CREDITORS: Amounts falling due within one year</b>	6	<u>(710,789)</u>	<u>(286,115)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(29,904)</u>	<u>22,301</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(21,091)</u>	<u>34,713</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	7	<u>(350,000)</u>	<u>(350,000)</u>
		<u>(371,091)</u>	<u>(315,287)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	9	50,000	50,000
Profit and loss account		(421,091)	(365,287)
<b>DEFICIT</b>		<u>(371,091)</u>	<u>(315,287)</u>

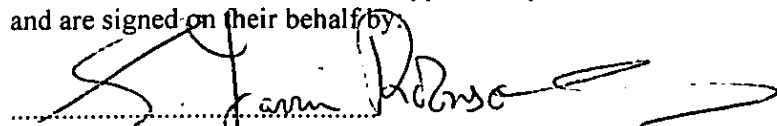
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors and authorised for issue on 2nd March 2009 and are signed on their behalf by:

  
MRS G C FARRIN ROBINSON

The notes on pages 5 to 11 form part of these financial statements.

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2007

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

#### **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:

Fixtures & Fittings	- 4 years
Equipment	- 4 years

#### **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.

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

#### **Going Concern**

As described in the Directors' Report, the Directors are currently reviewing proposals for the development of the company, and they expect that process to confirm opportunities for the exploitation of the company's skills and experience. The financial statements have therefore been prepared on a going concern basis. Were the going concern basis not appropriate adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify long-term liabilities. The approval and filing of these financial statements were delayed whilst issues concerning payments from the Company's main customer in 2006-2008 were resolved. Those issues were resolved in December 2008.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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.

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2007

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

#### 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 exception:

- 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.

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.

#### Pension Costs

The company makes contributions to the personal pension schemes of certain employees and directors. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### 2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2007	2006
	£	£
Directors' emoluments	367,322	164,646
Directors' pension contributions	31,739	7,497
Other staff pension contributions	1,480	—
Depreciation of owned fixed assets	4,643	3,343
Net profit on foreign currency translation	—	(28)
Bad Debt Provisions and Write-offs	<u>76,504</u>	<u>2,798</u>



# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2007

### 3. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>				
At 1st January 2007	–	157	18,317	18,474
Additions	851	–	2,006	2,857
Disposals	–	–	(1,987)	(1,987)
<b>At 31st December 2007</b>	<u>851</u>	<u>157</u>	<u>18,336</u>	<u>19,344</u>
<b>DEPRECIATION</b>				
At 1st January 2007	–	157	6,705	6,862
Charge for the year	89	–	4,554	4,643
Disposals	–	–	(874)	(874)
<b>At 31st December 2007</b>	<u>89</u>	<u>157</u>	<u>10,385</u>	<u>10,631</u>
<b>NET BOOK VALUE</b>				
<b>At 31st December 2007</b>	<u>762</u>	<u>–</u>	<u>7,951</u>	<u>8,713</u>
At 31st December 2006	<u>–</u>	<u>–</u>	<u>11,612</u>	<u>11,612</u>

### 4. INVESTMENTS

	Shares in Group Undertakings £
<b>COST</b>	
At 1st January 2007	800
Additions	–
Provision relating to planned dissolution	(700)
<b>At 31st December 2007</b>	<u>100</u>
<b>NET BOOK VALUE</b>	
<b>At 31st December 2007</b>	<u>100</u>
At 31st December 2006	<u>800</u>

The above investments are shown on the following page:

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2007

### 4. INVESTMENTS *..(continued)*

Name of Undertaking	Class of Share	Interest	Country of Incorporation	Principal Activity
Skypark-Exeter Limited	Ordinary	100%	United Kingdom	Dormant
Southwest Regional Airports (Exeter) Limited	Ordinary	100%	United Kingdom	Ownership and management of airport assets
CIAO LBIA Limited	Ordinary	60%	United Kingdom	Dormant

In October 2008, the Directors of Skypark-Exeter Limited and CIAO LBIA Limited resolved to apply to Companies House for these two dormant companies to be dissolved. The value of the company's investment has been reduced accordingly.

### 5. DEBTORS

	2007 £	2006 £
Trade debtors	137,150	120,473
Amounts owed by associated undertakings	380,711	97,599
Other debtors	5,056	6,791
Provision against doubtful debts	(76,504)	—
Prepayments and accrued income	139,357	60,537
	<u>585,770</u>	<u>285,400</u>

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

	2007 £	2006 £
Trade creditors	138,848	145,542
Amounts owed to associated undertakings	238,000	32,490
Amounts owed to group undertakings	100	800
Other creditors including taxation and social security:		
PAYE and social security	67,561	27,734
VAT	151,727	8,788
Corporation Tax	899	—
Other creditors	1,800	300
Accruals and deferred income	<u>111,854</u>	<u>70,461</u>
	<u>333,841</u>	<u>107,283</u>
	<u>710,789</u>	<u>286,115</u>

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31ST DECEMBER 2007

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

	2007		2006	
	£	£	£	£
Amounts owed to associated undertakings		<u>350,000</u>		<u>350,000</u>

#### 8. RELATED PARTY TRANSACTIONS

On 17th November 2006, The Convergence Group plc was placed into administration and on 23<sup>rd</sup> May 2007, The Convergence Group plc was placed into liquidation.

The Convergence Group plc (in Liquidation) was a related party, as it controlled over 20% of the voting rights of the company. During the year The Convergence Group plc recharged the company £Nil (2006: £962) for administrative expenses incurred on its behalf. During the year the company repaid net loans totalling £Nil to The Convergence Group plc (2006: £172,532). In 2008, the company was a party to a Consent Order involving five parties, related to legal action initiated by the joint Liquidator of The Convergence Group plc. Under this Order, it was agreed that certain 2006 transactions would be reversed – they had taken place shortly before The Convergence Group plc was placed into Administration – and that the company would pay £225,000 plus interest to the Liquidator. Thus at the year end the company owed £238,000 to The Convergence Group Plc (in Liquidation) and has paid that debt in 2008. (2006: In the 2006 Accounts the debt of £2,798 that was then regarded as due from The Convergence Group Plc was written off.)

ERRAF Limited (formerly named Convergence-AFCO Holdings Limited) is a related party as it controls over 20% of the voting rights of the company. During the year the company made sales to ERRAF Limited of £19,800 (2006: £127,269). During the year ERRAF Limited recharged the company £11,250 (2006: £5,000) for administrative expenses incurred on its behalf. The 2008 Consent Order referred to above affected the net balance due to ERRAF Limited. At the year end there was £275,866 due from ERRAF Limited (2006: £61,010) shown within Current Assets. ERRAF Limited has provided a long-term loan facility to the company, of which £350,000 was outstanding at the year end (2006: £350,000). ERRAF Limited is the “representative member” of the VAT Group of which the company is a member.

Convergence Aviation (UK) Limited was a related party during the year as its directors were A S M Robinson and G C Farrin Robinson who were directors of the company. During the year Convergence Aviation (UK) Limited charged the company £69,121 (2006: £384,871) for services provided to the company. During the year the company made payments totalling £1,326 on behalf of Convergence Aviation (UK) Limited (2006: Nil). During the year the company made loans totalling £Nil (2006: £170,968) to Convergence Aviation (UK) Limited. At the year end the company was owed £Nil by Convergence Aviation (UK) Limited (2006: £3,710).

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31ST DECEMBER 2007

#### 8. RELATED PARTY TRANSACTIONS *..(continued)*

Convergence Aviation and Communications Limited was a related party during the year as its directors were A S M Robinson and G C Farrin Robinson who were directors of the company. During the year, the company made sales to Convergence Aviation and Communications Limited of £Nil (2006: £82,480). During the year Convergence Aviation and Communications Limited charged the company £Nil (2006: £15,000) for services provided to the company. At the year end the company was owed £Nil by Convergence Aviation and Communications Limited (2006: £32,879).

Convergence Airport Design Construction & Technologies Limited was a related party during the year as its directors were A S M Robinson and G C Farrin Robinson who were directors of the company. During the year, the company made sales to Convergence Airport Design Construction & Technologies Limited of £Nil (2006: £92,250). At the year end the company owed £Nil to Convergence Airport Design Construction & Technologies Limited (2005: £881).

Amador Limited is a related party as it was controlled by A S M Robinson and G C Farrin Robinson who were directors of the company. During the year Amador Limited recharged the company £21,600 (2006: £15,400) for administrative expenses incurred on its behalf. At the year end the company was owed £46,980 by Amador Limited (2006: £6,717 owed to Amador Limited). During the year, a provision of £18,367 was made against this balance owed.

Fergana Holdings Limited was a related party during the year, as its directors were A S M Robison, G C Farrin Robinson, M Vaughan Johns and E Leonard who were directors of the company. During the year, the company made sales to Fergana Holdings Limited of £Nil (2006: £66,200). The 2008 Consent Order referred to above affected the balance owed to and by Fergana Holdings Limited. At the year end the company was owed £57,620 by Fergana Holdings Limited and has made a provision against this debt (2006: £24,010 owed to Fergana Holdings Limited).

West Midlands International Airport Limited was a related party during the year as its directors included A S M Robinson, G C Farrin Robinson and C Stipancic Jr who were directors of the company. During the year, the company made sales to West Midlands International Airport Limited of £1,024,959 (2006: £720,178). At the year end the company was owed £125,400 (2006: £120,473) by West Midlands International Airport Limited; this balance is shown in Trade Debtors in Note 5. During the year, West Midlands International Airport Limited charged the company £2,515 for services provided to the company. At the year end the company owed £2,908 to West Midlands International Airport Limited; this balance is shown in Trade Creditors in Note 6.

CAFCO (Coventry) Limited was a related party during the year as its directors included A S M Robinson, C Stipancic Jr and M Vaughan Johns who were directors of the company. During the year, the company made sales to CAFCO (Coventry) Limited of £12,500 (2006: Nil). At the year end the company was owed £11,750 (2006: Nil) by CAFCO (Coventry) Limited; this balance is shown in Trade Debtors in Note 5.

# CONVERGENCE INTERNATIONAL AIRPORTS ORGANISATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31ST DECEMBER 2007

#### 8. RELATED PARTY TRANSACTIONS *..(continued)*

Certain banking facilities were secured by A S M Robinson who was a director of the Company. During the year, the company incurred rental charges totalling £10,500 (2006: £Nil) in respect of rental of facilities from A S M Robinson. At the year end the company was owed £517 by A S M Robinson and made a provision of £517 against that debt during the year.

E Leonard was appointed as a director on 28 February 2007. Whilst he was a director, E Leonard charged the company £86,226 for fees and expenses. At the year end, the company owed £27,517 to E Leonard (2006: £Nil).

#### 9. SHARE CAPITAL

##### Authorised share capital:

	2007	2006
	£	£
100,000 Ordinary A shares of £1 each	100,000	100,000
15,000 Ordinary F shares of £1 each	15,000	15,000
15,000 Ordinary L shares of £1 each	15,000	15,000
20,000 Ordinary M shares of £1 each	20,000	20,000
100,000 Ordinary S shares of £1 each	100,000	100,000
	<u>250,000</u>	<u>250,000</u>

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

	2007		2006	
	No	£	No	£
Ordinary A shares of £1 each	40,000	40,000	40,000	40,000
Ordinary F shares of £1 each	10,000	10,000	10,000	10,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

#### 10. ULTIMATE PARENT COMPANY

During the year, the company had no ultimate controlling party as it had four shareholders, none of whom (directly or indirectly) owned more than 40% of its Ordinary shares. As a result of transactions on 12<sup>th</sup> December 2008, JTC Trustees Limited (as Trustees of The Convergence FURBS) became the ultimate controlling party, via its direct shareholding of 20% of the Ordinary shares of the company and its 100% ownership of ERRAF Limited which owns 40% of the Ordinary shares of the company.