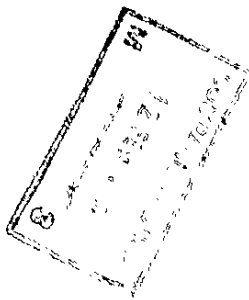


262038]

R E P O R T

1990 - 1991

A C C O U N T S



The year ended 31st March 1991 was a difficult period for the Airport Company in a number of respects. The general economic situation in the country coupled with the conflict in the Gulf, resulted in a general downturn in business for the Airport and indeed the travel industry as a whole. In addition there was the general uncertainty arising from the sale process of the Airport, affecting both our employees and customers.

Passenger and Cargo Throughput

Passenger throughput was 2.57 million which

Zealand, a growth of 30%. Passengers travelling on these flights came from a very wide area, emphasising again the ease of access to London Luton.

In 1990/91, cargo and mail throughput broke the 30,000 tonnes barrier – a milestone for the Airport, representing a 250% increase in cargo traffic over just two years – and bringing London Luton to fifth position in the mainland UK Cargo Airport league tables.

Political Change

Following the decision of Luton Borough

MANAGING DIRECTOR'S report

was a decrease of 9% over the previous year. Charter and inclusive tour passengers totalled 1.64 million. Scheduled passengers increased by 2% to 893,000 with 175,000 travelling between Luton and Belfast, an increase of 75% over the previous year.

Of the established inclusive tour destinations, Cyprus showed a growth of 23% to 263,000 passengers and it was pleasing to note how quickly this destination re-established itself after the Gulf conflict. Nearly 23,000 passengers travelled on Britannia Airways Winter programme of flights between London Luton-Australia and New

Council to sell a controlling interest in the Airport Company, intensive work continued throughout the year on the sale process. However at the Local Government elections in May 1991 the Labour Group won control of Luton Borough Council and subsequently all negotiations for the sale of the Airport ceased.

Future Runway Capacity in the South East CAP 548

Since the publication in January 1989 by the Civil Aviation Authority of CAP 548 – "Traffic

distribution policy for the London area and strategic options for the long term'' - which identified a need for the capacity of an additional runway around the turn of the century to meet the forecast increase in air travel arising from the South East, much debate has taken place on how this forecast shortage of runway capacity should best be met.

CAP 570

The Civil Aviation Authority subsequently published in July 1990 CAP 570 - "Traffic distribution policy and airport and airspace capacity: the next 15 years". In this document the CAA selected eight scenarios in order to assess the airspace and air traffic management implications of increasing air traffic activity at the following:

- 1. Existing major airports in the South East compared to development at airports to the north and south of the present periphery of the London Terminal Manoeuvring Area*
- 2. At a number of airports beyond the area assumed to be covered by the Central Control Function in 1995.*

The scenarios were:

- i) The 'Base Case' with Heathrow, Gatwick, Stansted and Luton operating at their currently envisaged runway capacities*
- ii) A second, parallel, runway at Gatwick.*
- iii) A second, parallel, runway at Stansted.*
- iv) A third runway at Heathrow, being either a*

full parallel runway or a parallel STOL/RTOL runway.

- v) Luton operating at full theoretical single runway capacity.
- vi) A South Coast example (Lydd) operating to either full or half single runway capacity.
- vii) A new regional option (Bournemouth and Bristol) developed jointly so as to achieve a full single runway capacity.
- viii) The joint development of military airfields (Bedford and Manston) which have been offered by the Ministry of Defence as possible sites for civilian use.

Following the issue of CAP 570 the Secretary of State for Transport established a Working Group (RUGATSE) to explore the economic and environmental issues which will influence decisions on additional runway capacity for the South East of England.

London Luton States its Case

The Company submitted a 90 page document to the Working Group and a wide range of interested parties stating London Luton's wish to expand beyond the current limitation of 5 million passengers per annum and to be able to play a full role in the future South East airports system.

The statement made by the Secretary of State to Parliament said that the environmental reasons against a second runway at Gatwick and Stansted remain compelling. He also said that these reasons are no less relevant at Heathrow. The 1985 White

Paper on Airports Policy also stated that a second runway would not be constructed at Stansted. In addition an agreement exists between BAA and the West Sussex County Council that there will be no additional runway constructed at Gatwick. This therefore leaves Luton as the only logical choice for airport expansion in the South East.

New Domestic Terminal

In September 1990 Lord Brabazon of Tara opened the new Domestic Terminal, built at a cost of £1.5 million with the capability of handling 500,000 passengers per annum. Following the general downturn in domestic traffic, particularly brought about by the liquidation of Capital Airlines, the decision was made to defer the commencement of operations from the new facility.

Airport Developments

Work continued on the installation of the Category 3 Instrument Landing System and the associated lighting and taxiway guidance system. Following the required period of testing it is hoped the system will become operational in 1992.

The £400,000 Chiltern self-service restaurant, complete with on-site bakery, was opened in June by Lord Forte. This development by Forte highlighted their commitment to providing the highest standards of catering and service for Luton's passengers.

London Luton

In order to emphasise in the UK and overseas

Luton's role as an essential part of the London airports system, the decision was taken to position the Airport as London Luton Airport. This initiative includes the rebranding of the Airport to London Luton, introducing the new title on all publicity and promotional material and advertisements and will be eventually phased in and used on signs, livery and uniforms.

Working Together - Employee Participation

In the Autumn of 1990 the Company introduced an employee involvement scheme to its employees called 'Forward Together'. The programme is designed to promote active communication throughout the Company and to encourage employee participation in the decision making process and future of the Company. The ultimate aim is to be recognised as the number one caring airport in the UK and to be successful and profitable - offering the highest standards of customer care for all users of the Airport.

It has been a difficult and uncertain year for all the employees of the Company and I would take this opportunity of recording my thanks for their co-operation, effort and understanding. My thanks also go to the Board of Directors and the staff of Luton Borough Council for their assistance and co-operation during the year.

Looking to the Future

The prospects for 1991/92 do not show any real sign of improvement over 1990/91,

consequently all items of expenditure and income were critically examined with a view to achieving an improvement in the trading performance of the Company. Regrettably this process resulted in a considerable reduction in staffing numbers. However as a result of these measures, a strong base is being established from which the Company can only build on and go forward in the future.

In the long term, London and the South East needs the extra runway capacity that an expanded and thriving London Luton can provide. Luton makes sense as an immediate and available option for expansion. It is therefore true to say the future of London Luton Airport has never looked brighter.

5

W. D. Bates, IPFA Managing Director

The presentation of the annual results of the company is a time to look forward as well as reviewing and seeking to learn the lessons from the past.

As the out-turn indicates the year ended 31 March 1991 was a period of some considerable turbulence and the resulting loss inclusive of the provisions for redundancy cannot be viewed other than as serious. Some of the factors contributing to those results were outside of our control. The onset of an unnecessary recession took its toll on passengers and on airlines. Turmoil and eventual war in the Middle East reinforced the downturn.

all work to secure. The current year will not be without its difficulties as the recession continues to bite and a heavily subsidised Stansted comes on stream, but since the new Council has made it clear that no sale is to take place we know that our destiny is in our own hands.

We are going to fight as hard as we can for Luton to play a wider role in Airport provision in the South East and are confident of our strong case to be allowed to do so. A big marketing push is being planned and a good deal of work is already underway on interim development proposals to

CHAIRMAN'S

review

But some of the factors were of our own making and were avoidable. The ill-fated attempt of the shareholder to sell a controlling interest damaged morale and diverted management attention at a critical time for the company. An inability to control costs when times were better, left us less able to cope with the recession. The implementing of a significant redundancy programme demonstrated who was to primarily bear the costs of these failures.


Yet despite all this there is a real belief that the Airport has a bright future which we must now

upgrade our facilities. All aspects of our business must and will be reviewed to ensure that we generate increased revenues, improve our asset utilisation and enhance our efficiency.

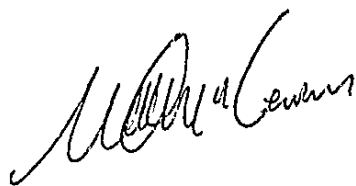
I believe that the work currently in hand on these matters when carried to conclusion will lay the foundation for our future success. That success will belong to all those who work at the Airport as well as the shareholder.

I would like to express my gratitude to the whole of the workforce who have lived through some difficult times recently but whose continued

commitment to their industry and company is our most valuable asset. Finally my thanks go to the new Board who have set about the task of regenerating our fortunes with determination, enthusiasm and sound judgement.



W. D. McKenzie Chairman



FINANCIAL SUMMARY

Turnover £29.6 million

Loss after tax £2.2 million

Value of shareholders funds £43.8 million

S U M M A R Y of the year

	TOTAL AIRCRAFT MOVEMENTS	AIR TRANSPORT MOVEMENTS	CARGO (TONNES)	PASSENGERS
1977/78	62,075	21,198	7,088	2,003,714
1978/79	58,484	20,722	6,664	2,082,966
1979/80	59,040	24,572	9,555	2,230,568
1980/81	57,570	27,157	13,613	2,086,082
1981/82	59,070	27,729	13,891	2,017,737
1982/83	55,189	27,227	13,375	1,806,171
1983/84	55,268	29,318	14,861	1,735,705
1984/85	57,623	30,090	18,689	1,795,541
1985/86	56,263	26,818	16,474	1,635,116
1986/87	59,075	28,583	12,718	2,017,502
1987/88	66,341	33,348	12,383	2,681,158
1988/89	68,371	35,546	18,274	2,911,493
1989/90	74,244	40,752	30,406	2,823,422
1990/91	64,061	38,704	32,783	2,535,832

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W. D. McKenzie
(Chairman). Appointed May 23 1991

M. B. Guha
(Vice Chairman). Appointed May 23 1991

R. Ashforth. Appointed November 13 1990

W. D. Bates

L. H. Benson. Removed May 2 1991

M. Croft. Appointed July 9 1991

R. G. Dean. Removed May 23 1991

P. J. Donoghue.

E. D. Fountain. Removed May 2 1991

M. W. L. Hardy. Removed May 2 1991

D. B. Johnston. Chairman to May 23 1991

P. J. Mair. Appointed May 23 1991

W. A. H. May. Removed May 2 1991

R. A. Mout

G. Moore

R. H. A. Rogers. Removed May 2, re appointed May 23 1991

M. F. Smith. Removed May 2 1991

A. T. Tester. Appointed May 23 1991

SECRETARY

Luton Borough Council

REGISTERED OFFICE

*Town Hall, Luton
Bedfordshire LU1 2BQ*

AUDITORS

*Touche Ross & Co.
Chartered Accountants*

BANKERS

Barclays Bank PLC

The directors present their report and the audited financial statements for the year ended 31st March 1991.

Principal Activities

The principal activities of the company are the ownership, operation and development of Luton International Airport including the provision of services and facilities required. A review of the year's operations and the development of the business are contained in the Managing Director's Report.

1990 considerable preparatory work has been undertaken in order to state the case for major expansion at Luton to meet the predicted air traffic growth in the south east, and to enable the Directors to set a long term strategy for the airport's development. Further details are given in the Managing Director's report.

Fixed Assets

During the year the company invested a further £3,003,000 in the continuing development of the airport facilities.

DIRECTORS'

report

Dividends & Transfers from Reserves

The company made a loss before exceptional items and taxation of £1,783,000 (£359,000 profit). After deducting exceptional items and taxation the loss for the year amounted to £2,251,000 (£566,000). The directors do not recommend a payment of a dividend (0.33p net per ordinary share). The loss for the year has been taken to reserves.

Future Developments

Following the publication of CAP 570 in July

Directors & Their Interests

The directors who served during the year were as follows:

D. B. Johnston (Chairman), R. G. Dean (Vice Chairman), R. Ashforth, W. D. Bates, L. H. Benson, P. J. Donoghue, E. D. Fountain, M. W. L. Hardy, W. D. McKenzie, W. A. H. May, R. A. Moat, G. Moore, R. H. A. Rogers, M. F. Smith.

The composition of the Board of Directors is in compliance with the Articles of Association. Four directors (R. Ashforth, W. D. Bates,

P. J. Donoghue, R. A. Moat) are full-time executives of the company. Two directors, M. Crow and G. Moore are directors nominated by the Trades Unions. Five directors are elected members of Luton Borough Council which owns all the share capital of the company. No directors held or hold any interest in the share capital of the company. Following the local government elections in May 1991 a number of changes were made to the composition of the board and these are noted on page 9.

Donations

During the year charitable donations made by the company amounted to £1,175. No political donations were made.

Employee Involvement

Employee involvement and commitment is encouraged by the directors through regular contact and exchanges of information between managers and employees. A newsletter is produced periodically by the company and distributed to all employees.

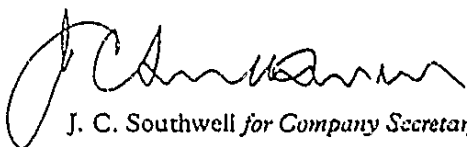
Employment & Training of Disabled

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Training and development policies are the same as those for any other employee based upon specific employee needs.

Auditors

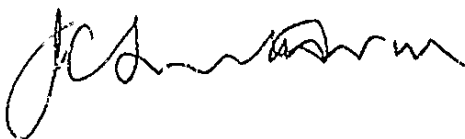
A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the Annual General Meeting.

By order of the Board



J. C. Southwell for Company Secretary

22nd August 1991



Luton International Airport Ltd

AUDITORS' REPORT

To the members of Luton International Airport Ltd

We have audited the financial statements on pages 12 to 20 in accordance with Auditing Standards.
In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st March 1991 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

Touche Ross & Co Chartered Accountants Milton Keynes 22nd August 1991

Luton International Airport Ltd

PROFIT AND LOSS ACCOUNT

Year ended 31st March 1991

	Note	1991 £000's	1990 £000's
Turnover	1	29,672	29,105
Operating costs		29,036	26,806
Operating profit before exceptional items	2	636	2,299
Exceptional items	3	(1,100)	(632)
Operating (loss)/profit after exceptional items		(464)	1,667
Interest receivable		1,037	924
Interest payable	6	(3,456)	(2,864)
(Loss) on ordinary activities before taxation		(2,883)	(273)
Taxation	7	632	(293)
(Loss) on ordinary activities after taxation		(2,251)	(566)
Dividends paid and proposed	8	—	(150)
(Loss) for the year		(2,251)	(716)
Retained profit brought forward		1,217	1,932
(Deficit)/profit carried forward		(1,034)	1,217

Luton International Airport Ltd

BALANCE SHEET

As at 31st March 1991

		1991	1990
	Note	£000's	£000's
FIXED ASSETS			
Tangible assets	9	59,869	60,964
CURRENT ASSETS			
Stock		375	534
Debtors	10	5,117	3,839
Short term deposits		4,670	8,050
Cash in hand		2	2
		<u>10,164</u>	<u>12,425</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(6,653)</u>	<u>(5,786)</u>
NET CURRENT ASSETS		<u>3,511</u>	<u>6,639</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		63,380	67,603
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(19,106)	(20,496)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(471)	(1,053)
		<u>43,803</u>	<u>46,054</u>
CAPITAL AND RESERVES			
Called up share capital	14	44,837	44,837
Profit and loss account		(1,034)	1,217
		<u>43,803</u>	<u>46,054</u>

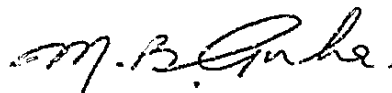
The financial statements were approved by the Board of Directors on 22nd August 1991



W D McKenzie Chairman




B Guha Vice Chairman



Luton International Airport Ltd

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended 31st March 1991

	1991		1990	
	£000's	£000's	£000's	£000's
SOURCE OF FUNDS				
(Loss) on ordinary activities before taxation		(2,883)		(273)
and dividends and after exceptional items				
Adjustment for items not involving the movement of funds:				
Exceptional items	~		632	
Depreciation	4,098		3,663	
Loss on disposal of fixed assets	~	4,098	25	4,320
Total generated from operations		<u>1,215</u>		<u>4,047</u>
FUNDS FROM OTHER SOURCES				
Borrowing under lease obligations	~		1,681	
Loans received	~		2,860	
Proceeds of sale of fixed assets	5	5	12	4,553
		<u>1,220</u>		<u>8,600</u>
APPLICATION OF FUNDS				
Purchase of fixed assets	3,003		5,941	
Repayment of lease obligations	674		446	
Repayment of loans	669		501	
Dividends paid	150		338	
Taxation paid	3	4,499	1,296	8,522
		<u>(3,279)</u>		<u>78</u>
(DECREASE) INCREASE				
IN NET CURRENT ASSETS				
(Decrease)/increase in stocks	(159)		66	
Increase in debtors	1,312		858	
Decrease in creditors	520	1,673	658	1,582
(Decrease) in net liquid funds		<u>(4,952)</u>		<u>(1,504)</u>
		<u>(3,279)</u>		<u>78</u>

Net liquid funds consist of short term deposits and cash at bank and in hand less bank overdraft.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice by U.K. accounting bodies. The particular accounting policies are described below.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

TURNOVER

Turnover represents the amounts derived from sales, net of VAT, invoiced to customers in respect of traffic operations and amounts falling due under rental and concession agreements.

DEPRECIATION

This is provided on a straight line basis so as to write off the cost of fixed assets, except freehold land, over their estimated useful lives as follows:

- Runway and lighting between 15 and 40 years

- Buildings between 10 and 40 years

- Plant, equipment and vehicles between 5 and 15 years

- Electrical, fencing and drainage between 10 and 25 years

No depreciation is provided on assets in the course of construction.

LEASED ASSETS

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

STOCK

Stock (mainly goods for resale) is valued at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

PENSION COSTS

Retirement benefits to employees are provided by defined benefit schemes which are funded by contributions from the company and employees. Payments are made to pension schemes which are financially separate from the company. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Luton International Airport Ltd

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1991

	1991	1990
	£000's	£000's
1. TURNOVER		
Traffic	15,282	15,329
Commercial	14,390	13,776
	<u>29,672</u>	<u>29,105</u>

2. OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS

Operating (loss)/profit is stated after charging:

Depreciation on owned assets	3,646	3,328
Depreciation on leased assets	452	335
Directors' emoluments (note 3)	154	117
Hire of plant and machinery	80	191
Auditors' remuneration	24	22
Increased provision for bad debts	683	27

The majority shareholder, (apart from three shares, all of the shares are held by Luton Borough Council,) provides operational and administration services to the company. Charges to the company for these services are on commercial terms based on an allocation of the costs of those Council staff and facilities associated with Airport affairs.

	1991	1990
	£000's	£000's
3. DIRECTORS' EMOLUMENTS		
Fees	20	20
Other emoluments	124	97
	<u>144</u>	<u>117</u>
Remuneration of the Chairman	-	-
Remuneration of the highest paid Director	43	38
The remuneration of the other Directors, excluding pension contributions were as follows:	No.	No.
£0 - £5,000	9	9
£25,001 - £30,000	-	2
£30,001 - £35,000	2	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1991

	1991	1990
	£000's	£000's
4. STAFF COSTS		
Wages and salaries	11,825	10,780
Social security costs	968	886
Other pension costs	393	596
	<u>13,186</u>	<u>12,262</u>
The average weekly number of employees during the year was made up as follows:		
	No.	No.
Operations and security	46	450
Engineering	57	54
Terminal services	75	82
Support services	58	34
	<u>657</u>	<u>620</u>
5. EXCEPTIONAL ITEMS		
Redundancy and related costs (A)	1,100	-
Accelerated depreciation (B)	-	632
	<u>1,100</u>	<u>632</u>
(A) These costs follow the announcement of an employee reduction programme.		
(B) Accelerated depreciation charges arising from the renewal and enhancement of the runway and taxiway lighting system.		
6. INTEREST PAYABLE		
	£000's	£000's
Charges under finance leases	551	362
Interest on debenture loans	2,902	2,497
Interest on short term loans	3	5
	<u>3,456</u>	<u>2,864</u>
On borrowing repayable within 5 years	405	96
On borrowing repayable after more than 5 years	3,051	2,668
	<u>3,456</u>	<u>2,864</u>
7. TAX ON (LOSS) ON ORDINARY ACTIVITIES		
United Kingdom corporation tax at 34% (last year 35%) based on the profit for the year	-	47
Deferred taxation	579	263
	<u>(579)</u>	<u>310</u>
Adjustment in respect of prior years		
Current tax	-	8
Deferred tax	(53)	(25)
	<u>(632)</u>	<u>293</u>

The tax credit is low in relation to the loss for the year as there is no tax relief available for the depreciation of certain assets and the allowances on other assets are less than the depreciation charge.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1991

	1991			1990		
	Per £1 share	£000's	Per £1 share	£000's		
8. DIVIDENDS PAID & PROPOSED						
Proposed dividend	~	~	0.33	150		
9. TANGIBLE FIXED ASSETS						
	Total	Runway and Lighting	Freehold Land and Buildings	Plant, Equipment and Vehicles	Electrical, Fencing and Drainage	Assets in course of Construction
Cost	£000's	£000's	£000's	£000's	£000's	£000's
As at 1st April 1990	70,990	24,590	34,667	7,870	2,172	1,691
Reclassification of assets in course of construction	~	9	747	94	171	(1021)
Additions	3,003	85	953	991	107	867
Disposals	(10)	~	~	(10)	~	~
As at 31st March 1991	<u>73,983</u>	<u>24,684</u>	<u>36,367</u>	<u>8,945</u>	<u>2,450</u>	<u>1,537</u>
Owned assets	70,466	24,275	36,367	6,289	2,340	1,195
Leased assets	3,517	409	~	2,656	110	342
As at 31st March 1991	<u>73,983</u>	<u>24,684</u>	<u>36,367</u>	<u>8,945</u>	<u>2,450</u>	<u>1,537</u>
Depreciation						
As at 1st April 1990	10,026	4,296	3,038	2,314	378	~
Charge for the year	4,098	1,761	1,234	929	174	~
Disposals	(10)	~	~	(10)	~	~
As at 31st March 1991	<u>14,114</u>	<u>6,057</u>	<u>4,272</u>	<u>3,233</u>	<u>552</u>	<u>~</u>
Owned assets	12,872	5,951	4,272	2,113	536	~
Leased assets	1,242	106	~	1,120	16	~
As at 31st March 1991	<u>14,114</u>	<u>6,057</u>	<u>4,272</u>	<u>3,233</u>	<u>552</u>	<u>~</u>
Net book value						
As at 31st March 1991	<u>59,869</u>	<u>18,627</u>	<u>32,095</u>	<u>5,712</u>	<u>1,898</u>	<u>1,537</u>
As at 1st April 1990	<u>60,964</u>	<u>20,294</u>	<u>31,629</u>	<u>5,556</u>	<u>1,794</u>	<u>1,691</u>
Capital Commitments						
The outstanding capital expenditure at 31st March 1991 not included in these financial statements amounts to:				1991	1990	
				£000's	£000's	
Contracted for but not provided in the financial statements				1,260	1,944	
Authorised and approved but not contracted for				24	2,687	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1991

10. DEBTORS	1991	1990
Due within one year:	£000's	£000's
Trade debtors	4,573	3,446
Other debtors and prepayments	358	247
Advance Corporation Tax recoverable	119	69
	<u>5,050</u>	<u>3,762</u>
Due after more than one year:		
Other debtors	67	77
	<u>5,117</u>	<u>3,839</u>
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft	1,645	73
Trade creditors	3,058	3,238
Other creditors	50	204
Taxes and social security	510	778
Proposed dividend	-	150
Obligations under finance leases	695	674
Debenture loan repayments	695	669
	<u>6,653</u>	<u>5,786</u>
12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Debenture loans	17,211	17,880
Obligations under finance leases	3,285	3,959
	<u>20,496</u>	<u>21,839</u>
Less amounts falling due within one year	1,390	1,343
	<u>19,106</u>	<u>20,496</u>
Amounts falling due after more than one year and within five years		
Debenture loans	3,070	2,951
Obligations under finance leases	2,363	2,769
Due after more than five years		
Debenture loans	13,446	14,260
Obligations under finance leases	227	516
	<u>19,106</u>	<u>20,496</u>
LOANS		
Debenture loan 1 interest fixed at 12%	4,609	4,795
Debenture loans 2 & 3 interest at 4% over three months		
London Inter Bank Offer Rate	9,885	10,225
Debenture loan 4 interest at LIBOR for the year ended 31st March 1991		
and then at 4% over three months LIBOR	2,717	2,860
	<u>17,211</u>	<u>17,880</u>

The debenture loans are from Luton Borough Council, the majority shareholder (apart from three shares, all of the shares are held by the Borough Council) and are repayable over twenty years by half-year instalments calculated on the basis of a 5% sinking fund (debenture loan 4 is repayable by half-yearly equal instalments). The loans are secured by a floating charge over all the Company's undertaking and property.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1991

	1991 £000's	1990 £000's
13. PROVISIONS FOR LIABILITIES AND CHARGES		
<i>This represents deferred taxation for which full provision has been made as follows:</i>		
<i>Capital allowances in excess of depreciation</i>	1,325	1,028
<i>Other timing differences</i>	82	75
	<u>1,407</u>	<u>1,103</u>
<i>Less losses</i>	(936)	~
<i>Less advance corporation tax recoverable</i>		(50)
	<u>471</u>	<u>1,053</u>
MOVEMENT FOR THE YEAR		
<i>Balance brought forward</i>	1,053	753
<i>Transfer from profit and loss – current</i>	(579)	263
<i>– prior year</i>	(53)	(25)
<i>A.C.T. Recoverable Transfer to Debtors</i>	50	62
	<u>471</u>	<u>1,053</u>
14. CALLED UP SHARE CAPITAL		
<i>Authorised ordinary shares at £1 each</i>	60,000	60,000
<i>Allotted and fully paid</i>	44,837	44,837
15. OPERATING LEASE COMMITMENTS		
<i>At the 31st March 1991 the company was committed to making the following payments during the next year in respect of operating leases:</i>	<i>Plant and Machinery</i>	
	£000's	
<i>Leases which expire after 5 years</i>	199	
	<u>199</u>	

16. PENSION SCHEMES

The company operates its own defined benefit pension scheme and in addition continues to make contributions to the Bedfordshire Superannuation Fund which is part of the Local Government Superannuation Scheme. Contributions to the Bedfordshire Superannuation Fund are for employees who transferred from the employment of Luton Borough Council on the incorporation of the company and who wish to stay in this scheme and are made at the rate specified by the Fund. The total pension costs for the company for both schemes was £393,000. The pension costs for the company scheme are assessed in accordance with the advice of independent qualified actuaries on the basis of the projected unit method using the assumptions shown below.

The company scheme was established on 1st April 1987 to provide pensions for subsequent employees of the company. The first full actuarial valuation of the scheme dated 31st March 1990 showed the market value of the Fund's assets to be £435,000. The actuarial value of liabilities was £337,000 at that date and consequently the employers contribution was reduced from 11 1/2% of pensionable pay to 8% for those employees in service at 31st March 1990 and 9% for employees joining the scheme after 31st March 1990. On this basis the actuary estimates that the surplus will not exceed 105% of liabilities within the prescribed time limits.

The actuarial valuation of the Bedfordshire Superannuation Fund as at 31st March 1989 showed the market value of the Fund's assets to be £248.6 million. The actuarial value of liabilities was £158.4 million at that date. The employer's contribution from 1st April 1989 to 31st March 1990 was 20% of employees' contributions and from 1st April 1990 35% of employees' contributions. On this basis the actuary estimates that the surplus will not exceed 105% of liabilities within the prescribed time limits.

The main assumptions are as follows:

	Company Scheme	Local Authority Scheme
<i>Investment return</i>	9%	9%
<i>Salary increases</i>	6.5%	6.5%
<i>Pension increases</i>	4.5%	4.5%

Luton International Airport Ltd

AUDITORS SPECIAL REPORT
to the Civil Aviation Authority

We have audited the financial statements on pages 12 to 20 (for which the directors of the company are solely responsible), in accordance with Auditing Standards.

We have reported to the Members of Luton International Airport Ltd on the financial statements on pages 12 to 20. We make a special report on the schedule on page 22 in accordance with the requirements of the Accounts Conditions issued by the CAA under Section 40 (1) (a) and 41 (1) of the Airports Act 1986.

In our opinion the schedule on page 22 presents fairly the information set forth therein and is in accordance with the requirements of the Accounts Conditions.

Touche Ross & Co

Touche Ross & Co Chartered Accountants Milton Keynes 22nd August 1991

21

ECONOMIC REGULATION

The Airport Company is subject to economic regulation under the Airport's Act 1986 which requires the airport to hold permission from the Civil Aviation Authority to levy airport charges.

From 1st April 1988 the operational activities are required to be allocated between airport charges levied in connection with landing, parking and taking-off of aircraft (including passenger related charges) and other operational income.

All revenue and costs arising from non operational activities, such as items where the income is not primarily from airport users, is required to be shown at a separate category.

The following have been quantified by means of apportioning the use of the Airport's accommodation and services.

Unless specified elsewhere in the notes to the financial statements the company received no preferential treatment or financial support from any associated person or organisation during the year.

Luton International Airport Ltd

OPERATIONAL/NON-OPERATIONAL TRADING RESULTS

Year ended 31st March 1991

	1991			1990		
	Income	Expenditure	(Loss)/profit before Taxation and Interest	Income	Expenditure	(Loss)/profit before Taxation and Interest
	£000's	£000's	£000's	£000's	£000's	£000's
OPERATIONAL ACTIVITIES						
Airport charges – ordinary	12,868	18,276	(5,408)	12,768	15,804	(3,036)
– exceptional	~	462	(462)	~	632	(632)
Other operational – activities	16,804	10,760	6,044	16,337	11,002	5,335
– exceptional	~	638	(638)	~	~	~
	<u>29,672</u>	<u>30,136</u>	<u>(464)</u>	<u>29,105</u>	<u>27,438</u>	<u>1,667</u>
NON-OPERATIONAL ACTIVITIES						
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
	<u>29,672</u>	<u>30,136</u>	<u>(464)</u>	<u>29,105</u>	<u>27,438</u>	<u>1,667</u>

Published by:

Luton International

Algonk Ltd.

Luton, Beds. LU2 9LY

Tel: (0582) 405700

Telex: 826709

Cable: (0582) 405857

Printed by:

Algonk Printing Co. Ltd.