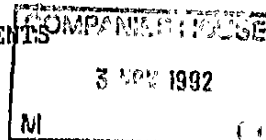


2020381

ANNUAL REPORT &
FINANCIAL STATEMENTS
1991 - 1992



LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

C O N T E N T S

Officers and Professional Advisers	3
Chairman's Review	4
Chief Executive's Report	6
Directors' Report	8
Auditors' Report	10
Profit and Loss Account	11
Balance Sheet	12
Cash Flow Statement	13
Accounting Policies	14
Notes To The Financial Statements	15 – 21
Auditors' Special Report	22
Operational/Non Operational Trading Results	23

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

Officers and Professional Advisers

DIRECTORS

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

A. T. Tester (Vice Chairman)
Appointed 23rd May 1991

B. T. Cookson Appointed 1st February 1992

M. Crow Appointed 9th July 1991

R. Davies Appointed 17th December 1991

K. Gale Appointed 14th July 1992

R. E. Gooding Appointed 5th November 1991

D. B. Johnston

P. J. Main Appointed 23rd May 1991

G. Moore

J. Mulkern Appointed 24th September 1991

F. Pullman Appointed 1st February 1992

R. H. A. Rogers Appointed 23rd May 1991

SECRETARY

Luton Borough Council

REGISTERED OFFICE

Town Hall, Luton
Bedfordshire LU1 2BQ

AUDITORS

Touche Ross & Co, Milton Keynes
Chartered Accountants and Registered Auditor

BANKERS

Barclays Bank Plc

COMPANY REGISTRATION NUMBER 2020381

CHAIRMAN'S review.....

4

As the financial results show, this was another difficult period for the Company although the outturn was considerably better than the gloomy forecasts at the commencement of the year.

However, I believe that we will be able to look back at this year as the period in which the foundations for future success were firmly put in place. Most important was the appointment of a new senior management team, under the leadership of the Chief Executive Richard Gooding, who have brought industry experience as well as a business-like approach to the conduct of our affairs. This itself would have been to no avail if the shareholder had not carried through its commitment to enable the Company to function at arm's length.

The steps that were taken during the course of the year have delivered a strong message to Government and Regulators about our determination that Luton play a wider role in the provision of airport capacity in the South

East. I am firmly of the view that Luton's logical case for expansion, now strongly backed by the shareholder and pursued by the Company in a dynamic way, will gain support from Government. But we should not underestimate the task ahead in organising the funding for this wider development and the creativity which will have to be brought to bear for this to be put in place in a manner which is consistent with the shareholders determination to control the long term destiny of the Company.

Much else has been achieved during the period. Interim development proposals culminating in the announcements concerning the new cargo facility, are a demonstration of the commitment to investment and the quality of input into our planning. The rebranding of the Company to clearly position us as a player in the London market has already proved a success. We have retained the confidence and enthusiasm of our major customers and begun to lay the groundwork for significant new

business.

I would like to place on record my thanks to the whole of the workforce whose co-operation and commitment over this period has been exemplary. Our determination that they should share in the benefits of the Company's success are evidenced by the introduction of a profit-sharing scheme and latterly, agreement in principle to the establishment of an employee share scheme.

My thanks go to the Board for their support during this period and for their sharing in the vision of what the future holds for our Company. I would like also to thank most sincerely former Board members, David Bates and Paul Donoghue for providing long and devoted service to the Company and wish them well for the future.

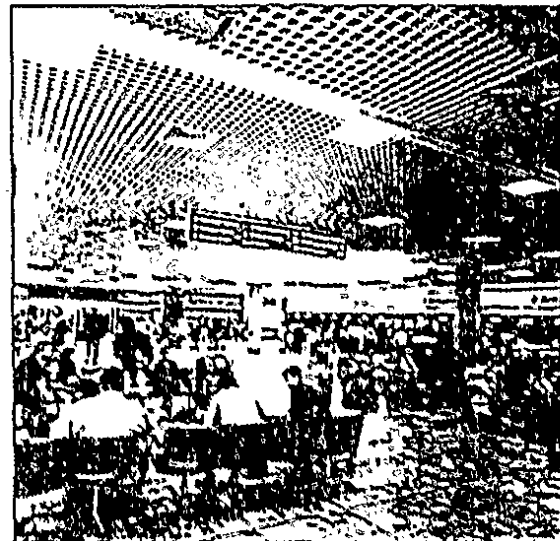
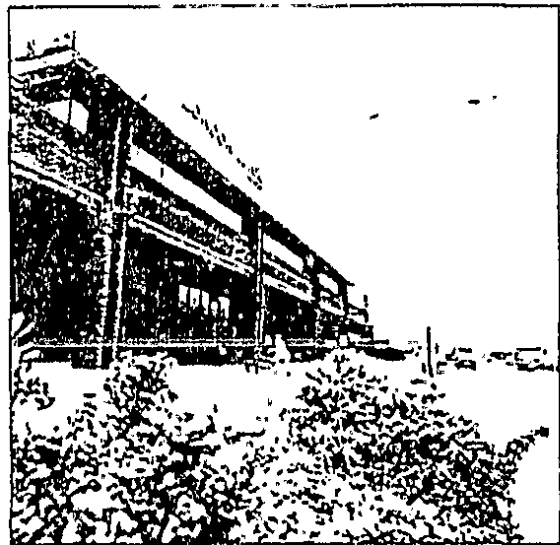
Finally, I would like to place on record my special thanks to my predecessor, Councillor W. D. McKenzie, for his faith, foresight and total commitment to the success of London Luton Airport.

M. B. Guha
M. B. Guha.

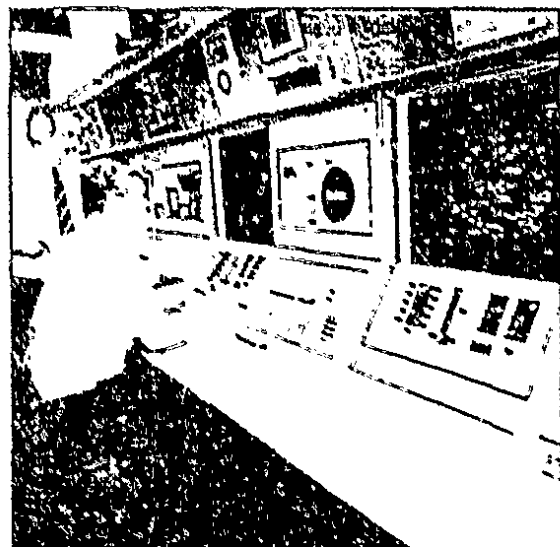
M. B. Guha

Chairman

15th July 1992



5



CHIEF EXECUTIVE'S report

6 **19** 91/92 marked a year of change for London Luton Airport. The UK recession, the aftermath of the Gulf War and the decision by Ryanair to move the majority of its operations to the new airport at Stansted led to a decline in passenger throughput of 24% and 10% in turnover.

Painful reductions in staffing levels were completed in the early part of the year, and a rigorous cost reduction programme has been enforced. Initial indications projected a loss £2.7 million, but cost reductions and an exceptional receipt means the year end loss was reduced to £641K. A return of modest growth to the UK exclusive tour market, continued cost improvements, and further development of non-operational revenues is anticipated to lead to a small profit in 1992/93.

In May 1991 the newly elected Council, as shareholder of the Airport Company decided to cease the sale process and institute a plan for the Company to be managed on a fully commercial

basis at arm's length from the shareholder. A new Board was established and a new team of executive directors, headed by a Chief Executive, was recruited.

The new team has established a close working relationship with the Board, instituting a new corporate strategy and a comprehensive restructuring of the Company and its activities. The implementation of a major new marketing strategy, the identification of a long term development strategy as well as the change of Company name and identity are important elements of these changes.

The last two years have been morale sapping for the employees of the Company, their continued loyalty and support does them much credit and I would like to thank them all for their contribution during these difficult times.

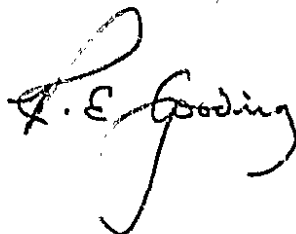
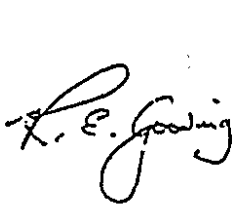
London Luton is now well placed to play its role in the provision of airport services in the South East – much of our destiny is in our own hands and it is our collective efforts that will

lead to long term success.

Chairman Leaving • • • •

Bili McKenzie was appointed Chairman in May 1991 and over the ensuing 12 months enabled the airport to totally overhaul its management and operation and to recover from the difficult financial situation of the last three years. He restored pride to the Airport and encouraged the long term development of the business. Bill resigned on 14th July 1992 to take up an assignment in Hong Kong, and will be missed by us all.

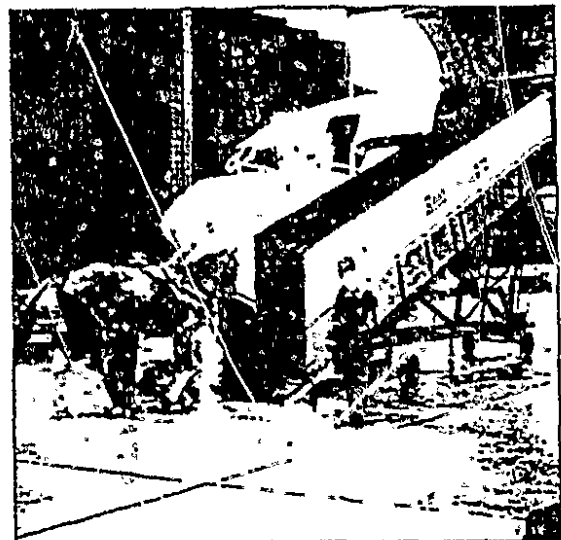
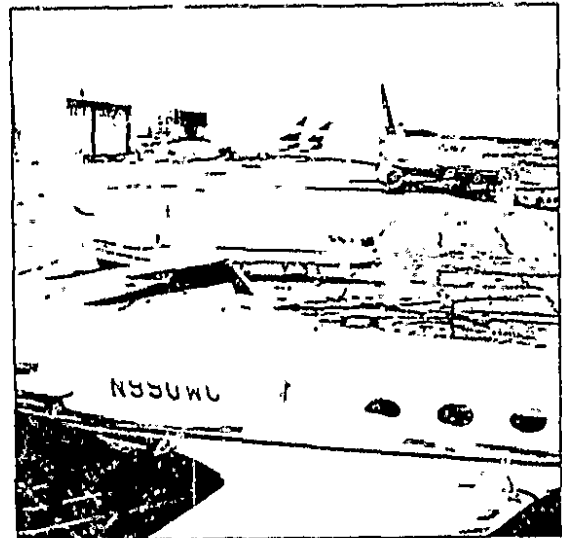
His successor is Councillor Mick Guha who is well known for his year as Mayor in 1991/92 and as Vice-Chairman of the Airport Company.



Richard E. Gooding

Chief Executive

15th July 1992



DIRECTORS'

report

The directors present their report and the audited financial statements for the year ended 31st March 1992.

8

Change of Name

At an Extraordinary General Meeting of the Company held on 25th March 1992, a special resolution was passed to change the Company's name to LONDON LUTON AIRPORT LIMITED, from 1st May 1992.

Principal Activities

The principal activities of the Company are the ownership, operation and management of London Luton Airport. A review of the year's operations and the development of the business are contained in the Chief Executive's Report.

Dividends and Transfers from Reserves . . .

The Company made a loss before exceptional items and taxation of £1,838,000 (1991 - £1,783,000). After exceptional items and

taxation the loss for the year amounted to £609,000 (1991 - £2,251,000). The directors do not recommend a payment of a dividend (1991 - Nil per ordinary share). The loss for the year has been taken to reserves.

Future Developments

London Luton Airport is to go ahead with the construction of a £9 million-plus, custom-built, multi-purpose air cargo centre - the first phase of which will be operational in April 1993. The decision to go ahead with the first phase of the project, expected to cost around £3 million, reflects the confidence of the Airport's Board in Luton Cargo's ability to sustain its remarkable cargo throughput performance in recent years.

A multi-phase three year Project enlarging, refurbishing and improving the Terminal will commence in Autumn 1992. The Terminal is to be extended to two levels with airbridges, gateways, additional passenger facilities and retail outlets. Work is also planned to start in

late 1993 to build a new Air Traffic Control Tower and construct a parallel taxiway. The cost of the total capital expenditure over the next 5 years is estimated at £40 million approximately.

Fixed Assets • • • •

During the year the Company invested a further £2,711,000 (1991 - £3,003,000) in the development of the airport facilities.

Directors and their Interests • • • •

The list of current directors is given on page 3.

Other directors who served during the year were:

R. Ashforth, W. D. Bates, L. H. Benson, R. G. Dean, P. J. Donoghue, E. D. Fountain, M. W. L. Hardy, W. D. McKenzie, W. A. H. May, R.A. Moat, M. F. Smith.

Three directors (B. T. Cookson, R. E. Gooding and F. Pullman) are full-time executives of the Company. Two directors, M. Crow and G. Moore are directors nominated by the Trade Unions. Six 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 3.

Donations • • • •

During the year charitable donations made by the Company amounted to £334 (1991 - £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.

Equal Opportunities Policy • • • •

It is the policy of London Luton Airport to strive to become an equal opportunities employer.

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.

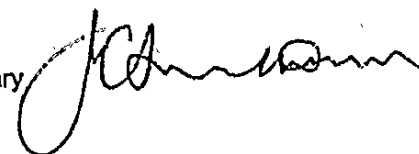
Auditors • • • •

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
15th July 1992



AUDITORS'

report

To the members of London Luton Airport Ltd

We have audited the financial statements on pages 11 to 21 in accordance with Auditing Standards.

- 10 In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st March 1992 and of its loss and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co
Touche Ross & Co

Touche Ross & Co
Chartered Accountants and Registered Auditor,
Ashton House, Silbury Boulevard,
Milton Keynes MK9 2HG
15th July 1992.

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

PROFIT AND LOSS ACCOUNT

Year ended 31st March 1992

		1992	1991
	Note	£ 000's	£ 000's
Turnover	1	26,668	29,672
Operating costs		<u>26,309</u>	<u>29,036</u>
Operating profit before exceptional items	2	359	636
Exceptional items	5	<u>1,197</u>	<u>(1,100)</u>
Operating profit/(loss) after exceptional items		1,556	(464)
Interest receivable		587	1,037
Interest payable	6	<u>(2,784)</u>	<u>(3,456)</u>
(Loss) on ordinary activities before taxation		(641)	(2,883)
Taxation	7	<u>32</u>	<u>632</u>
(Loss) on ordinary activities after taxation		(609)	(2,251)
Retained (Deficit)/profit brought forward		<u>(1,034)</u>	<u>1,217</u>
(Deficit) carried forward		<u><u>(1,643)</u></u>	<u><u>(1,034)</u></u>

11


LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

B A L A N C E S H E E T

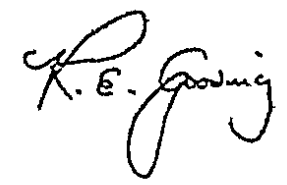
As at 31st March 1992

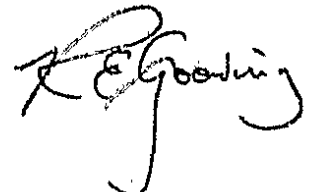
		1992		1991	
	Note	£ 000's	£ 000's	£ 000's	£ 000's
FIXED ASSETS					
Tangible assets	8		58,229		59,869
CURRENT ASSETS					
Stock		143		375	
Debtors	9	6,434		5,117	
Short term deposits		5,300		4,670	
Cash in hand		2		2	
		<u>11,884</u>		<u>10,164</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(6,501)</u>		<u>(6,653)</u>	
NET CURRENT ASSETS			<u>5,383</u>		<u>3,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			63,612		63,380
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11		(19,014)		(19,106)
PROVISIONS FOR LIABILITIES AND CHARGES	12		<u>(1,404)</u>		<u>71</u>
			<u>43,194</u>		<u>43,803</u>
CAPITAL RESERVES					
Called up share capital	13		44,837		44,837
Profit and loss account			<u>(1,643)</u>		<u>(1,034)</u>
			<u>43,194</u>		<u>43,803</u>

The financial statements were approved by the Board of Directors on 15th July 1992.
For and on behalf of the Board.



M. B. Guha Chairman


Richard E. Gooding Chief Executive



LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

C A S H F L O W S T A T E M E N T

Year ended 31st March 1992

		1992		1991	
	Note	£ 000's	£ 000's	£ 000's	£ 000's
Net cash inflow from operating activities	16		7,061		1,961
Returns on investments and servicing of finance					
Interest receivable		587		1,037	
Interest payable		(2,578)		(3,456)	
Dividend paid		<u>-</u>		<u>(150)</u>	
Net cash outflow on investments and servicing of finance			(1,991)		(2,569)
Taxation					
Corporation tax paid			-		(3)
Investing activities					13
Payments to acquire tangible fixed assets		(2,711)		(3,003)	
Receipts from sales of tangible fixed assets		<u>52</u>		<u>5</u>	
Net cash outflow from investing activities			<u>(2,659)</u>		<u>(2,998)</u>
Net cash inflow/(outflow) before financing			2,411		(3,609)
Financing					
Repayment of Debenture loans		(695)		(669)	
Repayment of Finance leases		<u>(695)</u>		<u>(674)</u>	
Net cash outflow from financing			<u>(1,390)</u>		<u>(1,343)</u>
Increase/(decrease) in cash and cash equivalents	18		<u>1,021</u>		<u>(4,952)</u>

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. 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 is valued at the lower of cost and net realisable value. Stock represents electrical and mechanical spares. (1991 goods for resale).

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.

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

	1992	1991
	£ 000's	£ 000's
1. TURNOVER		
Traffic	15,289	15,282
Commercial	11,379	14,390
	<u>26,668</u>	<u>29,672</u>
2. OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		
Operating profit is stated after charging:		
Depreciation on owned assets	3,870	3,646
Depreciation on leased assets	461	452
Directors' emoluments (note 3)	180	144
Hire of plant and machinery	223	80
Auditors' remuneration	26	24
Increased provision for bad debts	50	683

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.

15

	1992	1991
	£ 000's	£ 000's
3. DIRECTORS' EMOLUMENTS		
Fees	8	20
Other emoluments	172	124
	<u>180</u>	<u>144</u>
Remuneration of the Chairman	<u>-</u>	<u>-</u>
Remuneration of the highest paid Director	<u>37</u>	<u>43</u>

The remuneration of the other Directors serving the Board during the year excluding pension contributions were as follows:

	No.	No.
£0 - £5,000	14	9
£5,001 - £10,000	3	-
£20,001 - £25,000	1	-
£25,001 - £30,000	1	2
£30,001 - £35,000	2	-

No remuneration is paid to Board members who are also elected members of Luton Borough Council.

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

		1992 £ 000's	1991 £ 000's
4.	STAFF COSTS		
	Wages and salaries	10,434	11,825
	Social security costs	833	968
	Other pension costs	307	393
		<u>11,574</u>	<u>13,186</u>
	The average weekly number of employees during the year was made up as follows:		
	Operations and security	No. 401	No. 467
	Engineering	58	57
	Terminal Services	55	75
	Management, Finance and Administration	40	58
		<u>554</u>	<u>657</u>
16	5. EXCEPTIONAL ITEMS		
	Redundancy and related costs (A)	-	(1,100)
	Repayment of Employers Pension Contributions (B)	1,197	-
		<u>1,197</u>	<u>(1,100)</u>
	(A) These costs followed the announcement of an employee reduction programme.		
	(B) Repayment of employer's pension contributions by Luton Borough Council, as a result of a change in the legislation affecting the funding of the Local Government Superannuation Scheme.		
6.	INTEREST PAYABLE	£ 000's	£ 000's
	Charges under finance leases	324	551
	Interest on debenture loans	2,452	2,902
	Interest on short term loans	8	3
		<u>2,784</u>	<u>3,456</u>
	On borrowing repayable within 5 years	332	405
	On borrowing repayable after more than 5 years	2,452	3,051
		<u>2,784</u>	<u>3,456</u>
7.	TAX ON LOSS ON ORDINARY ACTIVITIES		
	United Kingdom corporation tax at 33% (1991 34%) based on the profit for the year	-	-
	Deferred taxation	125	(579)
		<u>125</u>	<u>(579)</u>
	Adjustment in respect of prior years		
	Corporation tax	(385)	-
	Deferred tax	808	(53)
		<u>(32)</u>	<u>(632)</u>

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

8. TANGIBLE FIXED ASSETS

	Total	Runway and Lighting	Freehold Land and Buildings	Plant, Equipment and Vehicles	Electrical, Fencing and Drainage	Assets in course of construction
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Cost						
As at 1st April 1991	73,963	24,684	36,367	8,945	2,450	1,537
Reclassification of assets in course of construction	-	10	128	530	231	(899)
Additions	2,711	298	375	1,172	229	637
Disposals	(125)	-	-	(125)	-	-
As at 31st March 1992	<u>76,569</u>	<u>24,992</u>	<u>36,870</u>	<u>10,522</u>	<u>2,910</u>	<u>1,275</u>
Owned assets	71,612	24,475	36,870	6,192	2,800	1,275
Leased assets	<u>4,957</u>	<u>517</u>	<u>-</u>	<u>4,330</u>	<u>110</u>	<u>-</u>
As at 31st March 1992	<u>76,569</u>	<u>24,992</u>	<u>36,870</u>	<u>10,522</u>	<u>2,910</u>	<u>1,275</u>
Depreciation						
As at 1st April 1991	14,114	6,057	4,272	3,233	552	-
Charge for the year	4,331	1,791	1,434	901	205	-
Disposals	(105)	-	-	(105)	-	-
As at 31st March 1992	<u>18,340</u>	<u>7,848</u>	<u>5,706</u>	<u>4,029</u>	<u>757</u>	<u>-</u>
Owned assets	16,637	7,708	5,706	2,492	731	-
Leased assets	<u>1,703</u>	<u>140</u>	<u>-</u>	<u>1,537</u>	<u>26</u>	<u>-</u>
As at 31st March 1992	<u>18,340</u>	<u>7,848</u>	<u>5,706</u>	<u>4,029</u>	<u>757</u>	<u>-</u>
Net book value						
As at 31st March 1992	<u>58,229</u>	<u>17,144</u>	<u>31,164</u>	<u>6,493</u>	<u>2,153</u>	<u>1,275</u>
As at 1st April 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>

Capital Commitments

The outstanding capital expenditure at 31st March 1992
not included in these financial statements amounts to:

	1992 £ 000's	1991 £ 000's
Contracted for but not provided in the financial statements	682	1,260
Authorised and approved but not contracted for	4,013	24

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

	1992	1991
	£ 000's	£ 000's
9. DEBTORS		
Due within one year:		
Trade debtors	3,049	4,573
Other debtors and prepayments	2,249	358
Corporation Tax recoverable	1,084	119
	<u>6,382</u>	<u>5,050</u>
Due after more than one year:		
Other debtors	52	67
	<u>6,434</u>	<u>5,117</u>
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft	1,254	1,645
Trade creditors	2,819	3,058
Other creditors	413	50
Taxes and social security	440	510
Obligations under finance leases	852	695
Debenture loan repayments	723	695
	<u>6,501</u>	<u>6,653</u>
11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Debenture loans	16,516	17,211
Obligations under finance leases	4,072	3,285
	<u>20,588</u>	<u>20,496</u>
Less amounts falling due within one year	1,574	1,390
	<u>19,014</u>	<u>19,106</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR AND WITHIN FIVE YEARS		
Debenture loans	3,195	3,070
Obligations under finance leases	2,679	2,363
Due after more than five years		
Debenture loans	12,598	13,446
Obligations under finance leases	542	227
	<u>19,014</u>	<u>19,106</u>
LOANS		
Debenture loan 1-interest fixed at 12%	4,414	4,609
Debenture loans 2 & 3-interest at 4% over three months London Inter Bank Offer Rate	9,528	9,885
Debenture loan 4-interest at LIBOR for the year ended 31st March 1991 and then at 4% over six months LIBOR	2,574	2,717
	<u>16,516</u>	<u>17,211</u>

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

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). Debenture loans 1, 2 and 3 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.

	1992 £ 000's	1991 £ 000's
12. PROVISIONS FOR LIABILITIES AND CHARGES		
This represents deferred taxation for which full provision has been made as follows:		
Capital allowances in excess of depreciation	2,569	1,325
Other timing differences	(174)	82
	<u>2,395</u>	<u>1,407</u>
Less losses	(991)	(936)
	<u>1,404</u>	<u>471</u>
MOVEMENT FOR THE YEAR		
Balance brought forward	471	1,053
Transfer from profit and loss account		
-- current	125	(579)
-- prior year	808	(53)
A.C.T. recoverable transfer to debtors	-	50
	<u>1,404</u>	<u>471</u>
13. CALLED UP SHARE CAPITAL		
Authorised ordinary shares of £1 each	60,000	60,000
Allotted and fully paid	<u>44,837</u>	<u>44,837</u>
14. OPERATING LEASE COMMITMENTS		
At 31st March 1992 the Company was committed to making the following payments during the next year in respect of operating leases.	Plant and Machinery £ 000's	
Leases which expire after 5 years	<u>199</u>	
	<u>199</u>	

19

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

15. PENSION SCHEMES

The Company operates its own defined 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 £307,000. 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 11½% 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 1990 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 1990 has been 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
Investment return	9%	9%
Salary increases	6.5%	6.5%
Pension increases	4.5%	4.5%

16. Reconciliation of operating profit to net cash inflow from operating activities

	1992 £ 000's	1991 £ 000's
Operating profit/(loss) before interest	1,556	(464)
Depreciation charges	4,331	4,098
Profit on disposal of fixed assets	(31)	—
Decrease in stocks	227	159
Increase in debtors	(352)	(1,312)
Increase/(decrease) in creditors	1,330	(520)
Net cash inflow from operating activities	<u>7,061</u>	<u>1,961</u>

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1992

17. Analysis of changes in cash and cash equivalents during the year.

Balance as at 1 April 1991	3,027	7,979
Net cash	1,021	(4,952)
	<u>4,048</u>	<u>3,027</u>
Balance as at 31 March 1992	<u>4,048</u>	<u>3,027</u>

18. Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	1992 £ 000's	1991 £ 000's	Change in year £ 000's
Cash at bank and in hand	2	2	-
Short term investments	5,300	4,670	630
Bank overdrafts	(1,254)	(1,645)	391
	<u>4,048</u>	<u>3,027</u>	<u>1,021</u>

19. Analysis of changes in financing during the year.

	Share Capital	Debenture Loan
Balance as at 1 April 1991	44,837	17,211
Cash outflow from financing	-	(695)
	<u>44,837</u>	<u>16,516</u>
Balance as at 31st March 1992	<u>44,837</u>	<u>16,516</u>

21

AUDITORS' SPECIAL REPORT
to the Civil Aviation Authority

We have audited the financial statements on pages 11 to 21 (for which the directors of the Company are solely responsible), in accordance with Auditing Standards.

22 We have reported to the Members of London Luton Airport Ltd (formerly Luton International Airport Ltd) on the financial statements on pages 11 to 21. We make a special report on the schedule on page 23 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 23 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 and Registered Auditor,
Ashton House, Silbury Boulevard,
Milton Keynes, MK9 2HG
15th July 1992.

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 as 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.

LONDON LUTON AIRPORT LTD
(formerly Luton International Airport Ltd)

OPERATIONAL / NON OPERATIONAL TRADING RESULTS

Year ended 31st March 1992

	1992			1991			
	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	12,668	15,853	(3,185)	12,868	18,276	(5,408)	
– exceptional	503	–	503	–	462	(462)	
Other operational – ordinary	14,000	10,456	3,544	16,804	10,760	6,044	
– exceptional	694	–	694	–	638	(638)	
	<u>27,865</u>	<u>26,309</u>	<u>1,556</u>	<u>29,672</u>	<u>30,136</u>	<u>(464)</u>	
NON-OPERATIONAL ACTIVITIES							
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	
	<u><u>27,865</u></u>	<u><u>26,309</u></u>	<u><u>1,556</u></u>	<u><u>29,672</u></u>	<u><u>30,136</u></u>	<u><u>(464)</u></u>	26