



LONDON LUTON

AIRPORT

ANNUAL REPORT &
FINANCIAL STATEMENTS

1992-1993

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Officers and Professional Advisers

DIRECTORS

M. B. Guha (Chairman)

A. T. Tester (Vice Chairman)

B. T. Cookson

M. Crowe

R. Davies

K. Gale

R. E. Gooding

D. B. Johnston

P. J. Main

G. Moore

J. Mulkern

F. Pullman

R. H. A. Rogers

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
(Co-operative Bank PLC
with effect from 1.4.93)

COMPANY REGISTRATION NUMBER 2020381

CHAIRMAN'S report

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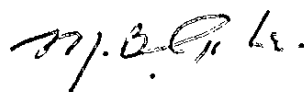
It is my pleasant duty to report that the Airport has, after several difficult years, returned to a modest profit. The decision of the shareholders that the Airport should be managed on a fully commercial basis, at arm's length from the shareholder, has contributed to this improvement.

The support of our shareholder is a key element of our long term development strategy; with the publication of the RUCATSE report due later this year, I am confident that the Government will recognise the value of developing London Luton Airport.

I am pleased to report that our capital investment during 1992/93 was double that of 1991/92 - much of which was funded from internal resources. The Cargo Centre in particular is a real demonstration of the Company's determination to invest for long term growth.

Everyone who works for the Company deserves credit for their hard work in getting the Company into an improved trading situation. I am pleased that the profit sharing scheme has enabled them all to be financially involved in this improvement.

My thanks go to the Board for their support and understanding over this year, as we look forward to continued development of the business.



M. B. Guha

Chairman

24 May 1993

CHIEF EXECUTIVE'S report

The last 12 months have been a period of restructuring and consolidation for the Company. The management changes begun in 1991/92 were completed during 1992/93 and we now have a fully committed, professional management team.

Overall throughput remained static for the year, largely due to the recession and aggressive competition. Particular highlights have been the scheduled services which, with the introduction of routes to Alicante and Belfast City, have shown strong growth.

The modest pre-tax profit is to be welcomed after several years of significant losses. This was achieved by increases in commercial revenue and interest receivable, as well as cost reductions. Our employees played a significant part in this improved performance and the introduction of a profit sharing scheme for the first time involved them in the financial success of the business.

The Route to Success training programme, in which every employee participated during Autumn 1992, provided an opportunity to understand and debate the Company and its future. This programme is being used as a launching pad for further employee training and development initiatives

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Customer Service Standards have been established and published to all our customers and users. The Company's performance against these Standards is now being measured and will in future be published.

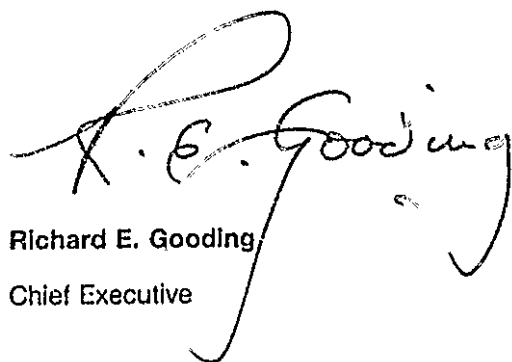
Relationships with our key tour operator customers have improved during 1992/93 and we are now closer than ever to these key business influencers. The introduction of Airtours from May 1993 means that all the leading tour operators now have programmes from London Luton.

Trading conditions are likely to remain tough for the foreseeable future, the marketing strategy

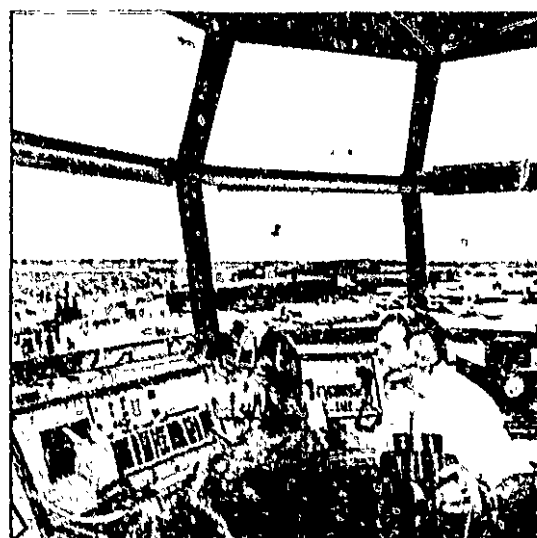
of our core customers, the tour operators, is dominated by price and there will be continued downward pressure on our operational charges. These charges have been frozen for 1993/94 and it will be difficult to achieve any real price increases in the longer term. Therefore we shall focus on the development of volume throughput increases and commercial income, while at the same time keeping control over our costs.

We invested £5.6 million in fixed assets during the year. The completion of the first phase of the Cargo Centre is a visible manifestation of the Company's determination to grow and develop.

Much work has gone on, behind the scenes, towards our longer term development strategy. The RUCATSE (Runway Capacity to Serve the South East) Working Group is nearing the end of its task and their report is expected this summer. This is expected to highlight the development potential at London Luton Airport and help ensure that we play a full role in the provision of airport services in the South East.


Richard E. Gooding
Chief Executive

24 May 1993



DIRECTORS'

report

The directors present their report and the audited financial statements for the year ended 31st March 1993.

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 profit before exceptional items and taxation of £10,000 (1992 - loss £1,838,000). After exceptional items and taxation the profit for the year amounted to £10,000 (1992 loss - £609,000). The directors do not recommend a payment of a dividend (1992 - Nil per ordinary share). The profit for the year has been taken to reserves.

Future Developments

Construction of a new Air Traffic Control Tower is presently anticipated to commence during the final quarter of 1993 with completion for late 1994.

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A multi-phase project enlarging, refurbishing and improving the Passenger Departure Lounge is presently being considered for completion in Autumn of 1995. Plans include extension of the Terminal to two levels with Airbridges, Gate Lounges, Additional Passenger Facilities and Retail Outlets. These proposals represent a continuation of the ongoing refurbishment programme within the existing Terminal following recent improvements in the Schedule Service Ticket Units, Tour Operator Areas, Check-in, Concourse and Embarkation Channels. Work will shortly commence on the refurbishment of the Check-in Desk Facilities.

In the medium term plans provide for a New Taxiway Access to the Passenger Aircraft Parking

Apron, a Railway Station and People Mover Link to the existing Passenger Terminal, an enlarged Baggage Reclaim Hall, further Aircraft Parking Aprons, and a Parallel Taxiway to the east end of the runway.

The longer term development is centred upon the Luton Interchange Project involving the construction of an off-site Passenger Terminal fulfilling all the landside roles of the existing facility. Current activity is concentrated upon the commissioning of a full feasibility study and impact statement, the latter covering both environmental and economic impact, and the submission of a Planning Application.

Fixed Assets • • • •

During the year the Company invested a further £5,591,000 (1992 – £2,711,000) in the development of the airport facilities.

Directors and their Interests • • • •

The list of current directors is given on page 3. Three directors (B.T. Cookson, R.E. Gooding and F. Pullman) are full-time executives of the Company. Two directors, M. Crowe 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, and there are two

non executive directors. No directors held or hold any interest in the share capital of the Company.

Donations • • • •

During the year charitable donations made by the Company amounted to £Nil (1992 – £334). No political donations were made.

Employee Involvement • • • •

Employee training, involvement and commitment is encouraged by the directors through regular courses, contacts and exchanges of information by way of Route to Success, Team Briefing and Newsletters. A profit sharing scheme was introduced from 1st April 1992. The Company is also exploring ways of introducing an employee share option scheme.

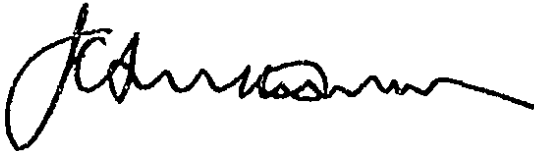
Equal Opportunities Policy • • • •

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

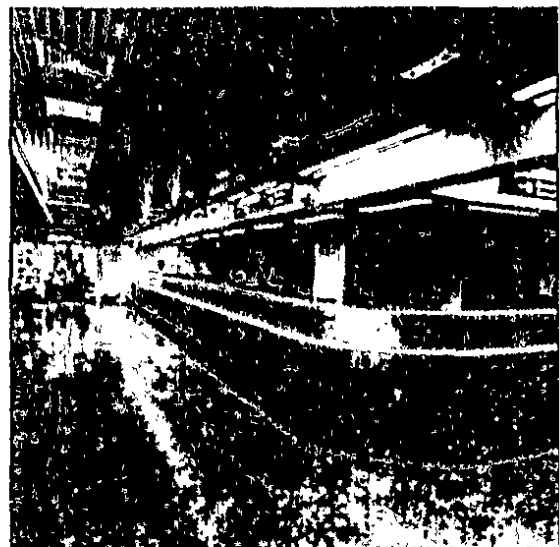
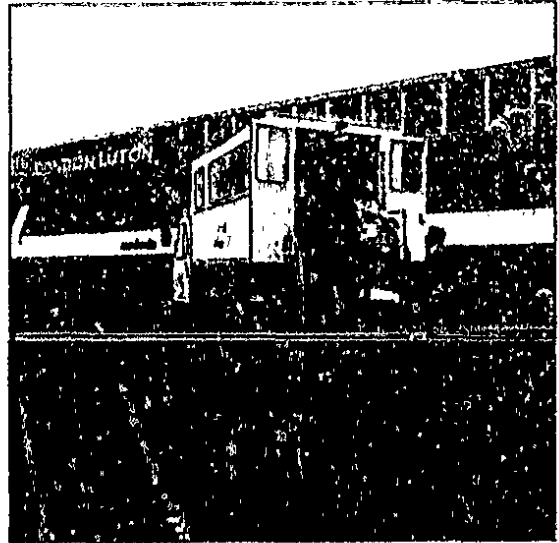
A resolution to re-appoint Touche Ross & Co as auditors will be proposed at the Annual General Meeting.

By order of the Board



J. C. Southwell
for Company Secretary

24 May 1993



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 1993 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co
Chartered Accountants and Registered Auditor,
Ashton House, Silbury Boulevard,
Milton Keynes MK9 2HG

24 May 1993

LONDON LUTON AIRPORT LTD

PROFIT AND LOSS ACCOUNT

Year ended 31st March 1993

		1992/93	1991/92
	Note	£ 000's	£ 000's
Turnover	1	26,494	26,668
Operating costs		<u>25,068</u>	<u>26,309</u>
Operating profit before exceptional items	2	1,426	359
Exceptional items	5	<u>-</u>	<u>1,197</u>
Operating profit after exceptional items		1,426	1,556
Interest receivable		951	587
Interest payable	6	<u>(2,309)</u>	<u>(2,784)</u>
Profit/(Loss) on ordinary activities before taxation		10	(641)
Taxation	7	<u>-</u>	<u>32</u>
Profit/(Loss) on ordinary activities after taxation		10	(609)
(Deficit) brought forward		<u>(1,043)</u>	<u>(1,034)</u>
(Deficit) carried forward		<u><u>(1,033)</u></u>	<u><u>(1,643)</u></u>

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LONDON LUTON AIRPORT LTD

BALANCE SHEET

As at 31st March 1993

		1992/93		1991/92	
	Note	£ 000's	£ 000's	£ 000's	£ 000's
FIXED ASSETS					
Tangible assets	8		59,908		58,229
CURRENT ASSETS					
Stock		142		148	
Debtors	9	3,191		6,434	
Short term deposits		8,749		5,300	
Cash in hand		1		2	
		<u>12,083</u>		<u>11,884</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(9,570)</u>		<u>(6,501)</u>	
NET CURRENT ASSETS			<u>2,513</u>		<u>5,383</u>
12 TOTAL ASSETS LESS CURRENT LIABILITIES			62,421		63,612
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11		(17,813)		(19,014)
PROVISIONS FOR LIABILITIES AND CHARGES	12		<u>(1,404)</u>		<u>(1,404)</u>
			<u>43,204</u>		<u>43,194</u>
CAPITAL RESERVES					
Called up share capital	13		44,837		44,837
Profit and loss account			<u>(1,033)</u>		<u>(1,643)</u>
			<u>43,204</u>		<u>43,194</u>

The financial statements were approved by the Board of Directors on 24 May 1993.
For and on behalf of the Board.

M. B. Guha

M. B. Guha Chairman

B. T. Cookson

B. T. Cookson Finance Director

LONDON LUTON AIRPORT LTD

CASH FLOW STATEMENT

Year ended 31st March 1993

		1992/93		1991/92	
	Note	£ 000's	£ 000's	£ 000's	£ 000's
Net cash inflow from operating activities	16		6,931		7,061
Returns on investments and servicing of finance					
Interest receivable		951		587	
Interest payable		<u>(2,540)</u>		<u>(2,578)</u>	
Net cash outflow on investments and servicing of finance			(1,589)		(1,991)
Taxation					
Corporation Tax Refund			1,034		
Investing activities					
Payments to acquire tangible fixed assets		(4,916)		(2,711)	
Receipts from sales of tangible fixed assets		<u>2</u>		<u>52</u>	13
Net cash outflow from investing activities			<u>(4,914)</u>		<u>(2,659)</u>
Net cash inflow before financing			1,462		2,411
Financing					
Repayment of Debenture loans		(722)		(695)	
Repayment of Finance leases		<u>(852)</u>		<u>(695)</u>	
Net cash outflow from financing			<u>(1,574)</u>		<u>(1,390)</u>
Increase/(decrease) in cash and cash equivalents	17		<u>(112)</u>		<u>1,021</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.

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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 are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

	1992/93	1991/92
	£ 000's	£ 000's
1. TURNOVER		
Traffic	15,697	15,289
Commercial	10,797	11,379
	<u>26,494</u>	<u>26,668</u>
2. OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	1992/93	1991/92
Operating profit is stated after charging:	£ 000's	£ 000's
Depreciation on owned assets	3,116	3,870
Depreciation on leased assets	592	461
Directors' emoluments (note 3)	199	180
Hire of plant and machinery	238	223
Auditors' remuneration	26	26
Other fees paid to Auditors	27	18

The majority shareholder, (apart from three shares, all of the shares are held by Luton Borough Council) provides some professional and computer services to the Company. Charges to the Company for these services amounted to £548,000 (1992 - £721,000) and are on commercial terms based on an allocation of the costs of those Council staff and facilities associated with Airport affairs.

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	1992/93	1991/92
	£ 000's	£ 000's
3. DIRECTORS' EMOLUMENTS		
Fees	15	8
Other emoluments	184	172
	<u>199</u>	<u>180</u>
Remuneration of the Chairman	<u>-</u>	<u>-</u>
Remuneration of the highest paid Director	<u>69</u>	<u>37</u>

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

	No.	No.
£0 - £5,000	7	14
£5,001 - £10,000	1	3
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£25,001 - £30,000	-	1
£30,001 - £35,000	-	2
£45,001 - £50,000	1	-
£50,001 - £55,000	1	-

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

LONDON LUTON AIRPORT LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

	1992/93 £ 000's	1991/92 £ 000's
4. STAFF COSTS		
Wages and salaries	10,303	10,434
Social security costs	826	833
Other pension costs	350	307
Profit Sharing Scheme	76	-
	<u>11,555</u>	<u>11,574</u>
The average weekly number of employees during the year was made up as follows:	No.	No.
Operations and security	384	401
Engineering	62	58
Terminal Services	50	55
Management, Finance and Administration	48	40
	<u>544</u>	<u>554</u>
16 5. EXCEPTIONAL ITEMS	£ 000's	£ 000's
Repayment of Employers Pension Contributions	-	1,197
	<u>NIL</u>	<u>1,197</u>
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	229	324
Interest on debenture loans	2,137	2,452
Interest on short term loans	3	8
	<u>2,369</u>	<u>2,784</u>
	£ 000's	£ 000's
On borrowing repayable within 5 years	232	332
On borrowing repayable after more than 5 years	2,137	2,452
	<u>2,369</u>	<u>2,784</u>
7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	£ 000's	£ 000's
United Kingdom corporation tax at 33% based on the profit for the year	-	-
Deferred taxation	-	125
	<u>-</u>	<u>125</u>
Adjustment in respect of prior years		
Corporation tax	-	(965)
Deferred tax	-	808
	<u>-</u>	<u>(32)</u>

There is no charge for current taxation on account of losses brought forward.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

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 1992	76,569	24,992	36,870	10,522	2,910	1,275
Reclassification of assets in course of construction	—	574	89	12	98	(773)
Additions	5,591	599	34	1,011	61	3,886
Disposals	(254)	(232)	—	(22)	—	—
As at 31st March 1993	<u>81,906</u>	<u>25,933</u>	<u>36,993</u>	<u>11,523</u>	<u>3,069</u>	<u>4,388</u>
Owned assets	76,274	25,201	36,993	6,733	2,959	4,388
Leased assets	5,632	732	—	4,790	110	—
As at 31st March 1993	<u>81,906</u>	<u>25,933</u>	<u>36,993</u>	<u>11,523</u>	<u>3,069</u>	<u>4,388</u>
Depreciation						
As at 1st April 1992	18,340	7,848	5,706	4,029	757	—
Charge for the year	3,708	1,136	1,321	1,020	231	—
Disposals	(50)	(28)	—	(22)	—	—
As at 31st March 1993	<u>21,998</u>	<u>8,956</u>	<u>7,027</u>	<u>5,027</u>	<u>988</u>	<u>—</u>
Owned assets	19,680	8,768	7,027	2,933	952	—
Leased assets	2,318	188	—	2,094	36	—
As at 31st March 1993	<u>21,998</u>	<u>8,956</u>	<u>7,027</u>	<u>5,027</u>	<u>988</u>	<u>—</u>
Net book value						
As at 31st March 1993	<u>59,908</u>	<u>16,977</u>	<u>29,966</u>	<u>6,496</u>	<u>2,081</u>	<u>4,388</u>
As at 1st April 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>

Capital Commitments

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

	1993 £ 000's	1992 £ 000's
Contracted for but not provided in the financial statements	361	682
Authorised and approved but not contracted for	355	4,013

LONDON LUTON AIRPORT LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

	As at 31 March 1993 £ 000's	As at 31 March 1992 £ 000's
9. DEBTORS		
Due within one year:		
Trade debtors	1,984	3,049
Other debtors and prepayments	1,084	2,249
Corporation Tax recoverable	-	1,084
	<u>3,068</u>	<u>6,382</u>
Due after more than one year:		
Other debtors	103	52
	<u>3,191</u>	<u>6,434</u>
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£ 000's	£ 000's
Bank overdraft	1,729	1,254
SCA Bank Overdraft	3,085	-
Trade creditors	1,755	2,819
Other creditors	948	414
Taxes and social security	340	440
Obligations under finance leases	953	852
Debenture loan repayments	752	722
	<u>9,571</u>	<u>6,501</u>

The SCA Bank Overdraft is a specific borrowing earmarked for capital expenditure, approved under supplementary credit approval received from the Department of Transport pending negotiation of longer term financing for the related capital projects.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	£ 000's	£ 000's
Debenture loans	15,784	16,516
Obligations under finance leases	3,724	4,072
	<u>19,518</u>	<u>20,588</u>
Less amounts falling due within one year	<u>1,705</u>	<u>1,574</u>
	<u>17,813</u>	<u>19,014</u>

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR AND WITHIN FIVE YEARS

Debenture loans	2,285	3,195
Obligations under finance leases	2,281	2,679
Due after more than five years		
Debenture loans	12,757	12,598
Obligations under finance leases	510	542
	<u>17,813</u>	<u>19,014</u>

LOANS OUTSTANDING

Debenture loan 1-Interest fixed at 12%	4,210	4,414
Debenture loans 2 & 3-Interest at 4% over three months London Inter Bank Offer Rate	9,153	9,528
Debenture loan 4-Interest at 4% over six months LIBOR	2,431	2,574
	<u>15,794</u>	<u>16,516</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

The debenture loans are from Luton Borough Council, the majority shareholder. 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.

	As at 31 March 1993 £ 000's	As at 31 March 1992 £ 000's
12. PROVISIONS FOR LIABILITIES AND CHARGES		
This represents deferred taxation as follows:		
Capital allowances in excess of depreciation	2,427	2,569
Other timing differences	(15)	(174)
	<u>2,412</u>	<u>2,395</u>
Less losses	(1,008)	(991)
	<u>1,404</u>	<u>1,404</u>

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No provision has been made for potential deferred taxation amounting to £463,000 (1992 - nil) in respect of further capital allowances in excess of depreciation.

	1992/93 £'000's	1991/92 £'000's
MOVEMENT FOR THE YEAR		
Balance brought forward at 1 April	1,404	471
Transfer from profit and loss account		
- current	-	125
- prior year	-	808
	<u>1,404</u>	<u>1,404</u>
	As at 31 March 1993 £'000's	As at 31 March 1992 £'000's
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 1993 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>	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

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 £350,000. 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 was undertaken as at 31st March 1990 when the market value of the Fund's assets was £435,000. The actuarial value of past-service liabilities was assessed to be £0.25m which compared with the value placed upon the assets of £0.47m. As a result of the valuation, the employer's contributions were set at 8% of pensionable pay for those employees in service at 31st March 1990 and at 9% for employees joining the Scheme after 31st March 1990. The latest actuarial valuation on the Bedfordshire Superannuation Fund was undertaken as at 31 March 1992 and showed investments of £332.5 million and liabilities of £342 million; the market value of the fund at that date was £288.2 million. The employer's contribution from 1 April 1990 has been 35% of employees' contributions; as from 1 April 1993 this has been increased to 80% of employees' contributions.

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The main assumptions are as follows:

	Company Scheme	Local Authority Scheme
Investment return	8%	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.

	1992/93 £ 000's	1991/92 £ 000's
Operating profit before interest	1,428	1,556
Depreciation charges	3,708	4,331
Profit/(Loss) on disposal of fixed assets	202	(31)
Decrease in stocks	6	227
Decrease/(increase) in debtors	2,209	(352)
(Decrease)/increase in creditors	(822)	1,330
Net cash inflow from operating activities	<u>6,031</u>	<u>7,061</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 1993

		1992/93	1991/92
		£ 000's	£ 000's
17.	Analysis of changes in cash and cash equivalents during the year.	1993	1992
	Balance as at 1 April 1992	4,048	3,027
	Net cash	(112)	1,021
	Balance as at 31 March 1993	<u>3,936</u>	<u>4,048</u>
18.	Analysis of the balances of cash and cash equivalents as shown in the balance sheet.		
		As at	As at
		31 March	31 March
		1993	1992
		£ 000's	£ 000's
			Change
			in year
			£ 000's
	Cash at bank and in hand	1	2
			(1)
	Short term Investments	8,749	5,300
			3,449
	Bank overdrafts	(4,814)	(1,254)
			(3,560)
		<u>3,936</u>	<u>4,048</u>
			<u>(112)</u>
19.	Analysis of changes in financing during the year.		
		£ 000's	£ 000's
		Share	Debenture Loans
		Capital	and Finance Leases
	Balance as at 1 April 1992	44,837	20,588
	Cash outflow from financing	-	(1,745)
	Inception of Finance Lease Contracts	-	675
	Balance as at 31st March 1993	<u>44,837</u>	<u>19,518</u>

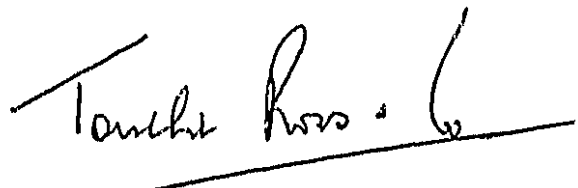
AUDITORS' SPECIAL REPORT

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.

We have reported to the Members of London Luton 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.



Touché Ross & Co
Chartered Accountants and Registered Auditor,
Ashton House, Silbury Boulevard,
Milton Keynes, MK9 2HG

24 May 1993.

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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

OPERATIONAL / NON OPERATIONAL
TRADING RESULTS

Year ended 31st March 1993

	1992/93			1991/92		
	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	13,257	18,437	(3,180)	12,668	15,853	(3,185)
– exceptional	–	–	–	503	–	503
Other operational – ordinary	13,237	8,829	4,608	14,000	10,456	3,544
– exceptional	–	–	–	694	–	694
	<u>26,494</u>	<u>25,066</u>	<u>1,428</u>	<u>27,865</u>	<u>26,309</u>	<u>1,556</u>
NON-OPERATIONAL ACTIVITIES						
	<u>NII</u>	<u>NII</u>	<u>NII</u>	<u>NII</u>	<u>NII</u>	<u>NII</u>
	<u><u>26,494</u></u>	<u><u>25,066</u></u>	<u><u>1,428</u></u>	<u><u>27,865</u></u>	<u><u>26,309</u></u>	<u><u>1,556</u></u>