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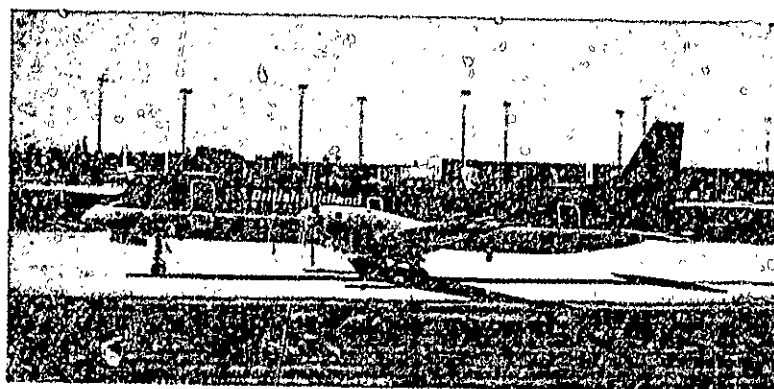
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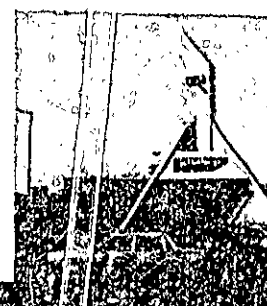
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The Company in completing only its second year of trading has produced another highly successful result beating anything seen, or maybe even envisaged, in the airport's 50 year history. There have been advances in all sectors of its activities resulting in a turnover of £28.74 million, some 16% improvement over 1987/88. This improvement, even better than was forecast in the Business Plan, combined with strict control over expenditure, leaves the Company with a very healthy profit of £2.56 million after taxation.

The dividends on Preference shares have been fully honoured and the Board is proposing a dividend of 19p per share on the Ordinary shareholding. These dividends in total amount to £858,000 paid to our seven local authority owners, an increase

of 33% over 1987/88.

The Air Transport industry continues to flourish and is forecast to increase at a substantial rate to the turn of the century. In fact, the CAA in projecting future needs in the UK, points confidently to a major growth in the use of regional airports for this period including Birmingham to a significant degree. The company is responding to these challenges and has already embarked on substantial improvements to its facilities and is planning further major investments to raise the passenger capacity to at least 5 million per annum by the early 1990s and subsequently beyond; together with increased facilities to accommodate the anticipated strong growth in air cargo business.

Perhaps of equal significance in this second year has been the moves made by the company to utilise opportunities in partnership with others. Given the limitations placed on airport companies this is a practical way of extending the pace of development. In this respect we have joined with the Frostin and Burton Groups to develop a prestigious site adjacent to the airport and we are continuing with an even more ambitious plan to establish the first joint venture terminal in this country. In the midst of all the good

things happening to the Company it has not lost sight of its policy for being 'good neighbours', by endorsing and further improving its noise insulation grant schemes, and its operations for monitoring and seeking to minimise where possible the level of aircraft noise.

My part in this, as a relatively new director, has been limited. For most of the year Councillor Fred Chapman was Chairman and it falls to me to report the year's events to you as Chairman because he has taken up the office of Lord Mayor of Birmingham in its centenary year. Many congratulations to him on this well-deserved honour and also on the manner in which he has steered the airport over the past year.

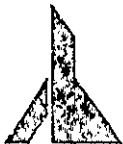
Thanks must also be recorded to the Deputy Chairman, Councillor Syd Pemberton, for his special support to the Chairman during a busy year and congratulations to Bob Taylor, our Managing Director, and Peter Sherwin (Duty Engineer) on the OBE and MBE awards they received during the year.

The future prospects for this Company are bright and in thanking my fellow Directors and the staff for all their support in the past year I am looking forward keenly to being involved as Chairman of one of the most exciting ventures in the region.

Sir Stanley Yapp  
Chairman

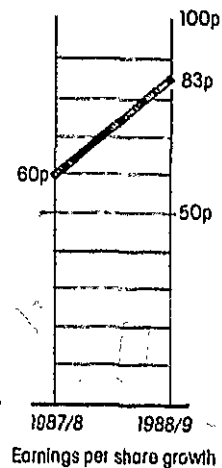
# Summary of Results

Year ended 31 March 1989



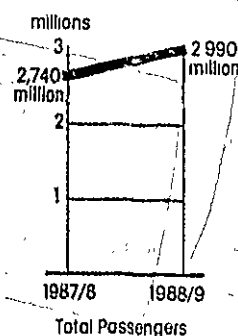
## FINANCIAL

		% Growth
Turnover	£28.74 million	15.6
Profit after Tax	£2.56 million	32.1
Profit Distribution	£0.86 million	32.6
Earnings per Share	83 pence per share	38.3
Ordinary Share Dividend	19 pence per share	72.7
Value of Shareholders Funds	£85.95 million	5.3
Return on Capital Employed	5.5%	

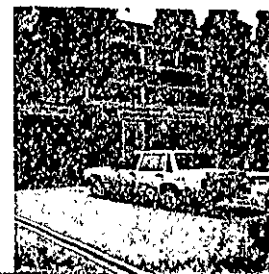
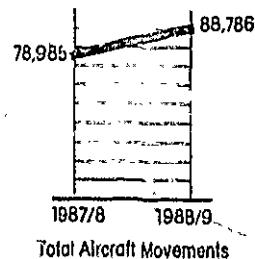


## AIRPORT TRAFFIC

	Million	% Growth
Terminal Passengers (Total)	2.89	8.8%
Terminal Passengers (International)	2.29	8.5%
Terminal Passengers (Domestic)	0.60	10.0%
Total Passengers (Including Transits)	2.99	9.2%



	000's	% Growth
Air Transport Movements	54.3	4.2%
Total Aircraft Movements	88.8	12.4%
Cargo (Tonnes)	28.4	- 4.7%





In spite of a charter market deceleration around the middle of the year, BHX has again experienced growth in most sectors with passenger figures up by 9% and air transport movements by 4%. The total passenger figures now approach 3 million and were actually recorded as 2,990,590 — the previous year saw 2,739,853 passengers using the Airport.

It was particularly encouraging to see the development of new scheduled services, passenger figures in this sector increased by some 19.7%, the new routes and increased frequencies operated by the airlines clearly attracting new business from abroad as well as within the West Midlands region of the United Kingdom.

When the new terminal building was opened in 1984, it was predicted that an expansion programme would be required at the end of the year 1990. Such has been our growth at Birmingham that this work actually started earlier this year, simply because we have already

exceeded the forecast end-of-1990 passenger throughput figure.

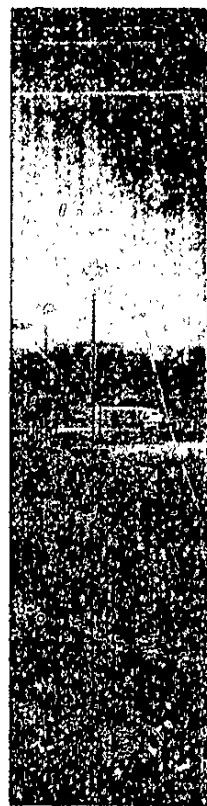
## DEVELOPMENT

Some aspects of the Airport development programme completed during the year included the large new Lounge Bar, nostalgically entitled "The Aviator", an enlarged Arrivals Concourse with Car Hire and Hotel reservation desks, and an entirely new Information Desk in the main concourse. Work also started on a major new baggage handling facility, Common Travel Area Lounge with Duty Free Shop, a large extension to the International Departure Lounge and two new Conference or Entertaining rooms that can also be brought into use during delayed flights. Airport development does not necessarily mean expensive additions to the terminal building. During the year, a switchover of facilities has taken place between the original Common Travel Area pier and the Domestic Lounge and associated aircraft parking areas. This in itself has increased Airport capacity by a very considerable amount and provides travellers on Domestic flights with improved space and service areas, travellers to the Republic of Ireland and the Channel Islands now having their own Departure Lounge

and Duty Free Shop with even better facilities, including air bridge service, to be completed at the end of this calendar year.

## SERVICE

It is the avowed intention of the Board and Airport Management Team to ensure that passengers, airlines and other Airport users receive the best possible standards of service, this may relate to the basic courtesies of life right through to a member of staff giving up a great deal of time to help just one passenger. We refer to it as QSP — Quality, Service and Performance, all employees are invited to attend a continuing awareness programme that emphasises this aspect of our work and how the best results can be achieved. My personal wish is





for this Airport to be safe and efficient, clean and pleasant, courteous staff in attendance and show a handsome profit at the same time.

Having said this the Summer of 1988 was not a happy one for the traveller, albeit the headlines made it seem much worse than it really was, most flights did still operate to schedule. Nevertheless through issues outside our control the airport's facilities and staff were severely tested and all credit to many people for the manner in which they responded. Let us hope, and expect, the governments of Europe will relieve us of such

difficulties in this and future years as they face up to the growth being experienced in the industry.

#### ENVIRONMENT

An Airport is in the business of providing a proper base for the operation of aircraft, not all of which are quiet and inoffensive in flight. It is one of the Company's objectives to achieve the best possible good neighbour relationship with residents who live in the vicinity of the Airport and under its flight paths. We have doubled the budget for the current Noise Insulation Scheme whereby householders receive a grant towards the cost of insulating certain parts of their dwellings in order to reduce any aircraft noise, the current budget has doubled to a new figure of £500,000. Noise levels are also being reduced as a result of electrical ground power for mandatory use on all aircraft stands as well as the purchase of increased numbers of electrical vehicles such as baggage tractors.

#### THE TEAM

Finally, BHX is 50 years old in 1989 and we feel justifiably proud of the way this modern Airport now serves the business and leisure communities of the region; the motorway hub and Intercity rail lines ensure rapid surface communication but

the Airport provides a true International status, something that is now well known and much respected abroad.

In this report of what is a satisfying year of air transport operations, great tribute has to be paid to all employees of the Airport Company for the efforts they have made in achieving all targets. Their response has been quite excellent and I commend everyone for putting in so much hard work in what is a great team organisation.

*Bob Taylor*

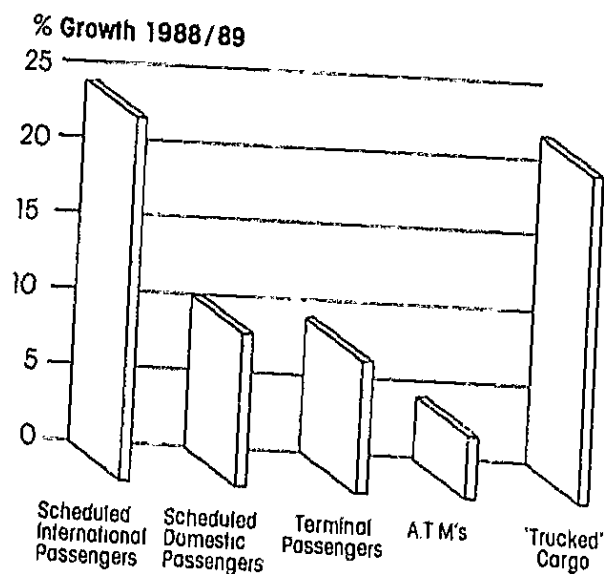
Managing Director





It has been another record year for Birmingham International Airport with increases in the number of passengers carried to destinations both within the U.K. and abroad. The most dramatic growth has been in scheduled international traffic with an increase of twenty four per cent during 1988/1989 compared with the previous twelve months while the number of passengers on scheduled domestic flights was up by ten per cent. Many airports throughout the United Kingdom reported a drop in the number of Inclusive Tour passengers during 1988/89 but, against the general national trend, Birmingham International showed a small increase over the previous year. Overall there has been an increase of nine per cent in terminal passengers. The increase in the number of Air Transport Movements (A.T.M.'s) from Birmingham

International — four per cent — was not as dramatic but the lower figure is due mainly to more passengers being carried on higher capacity aircraft. Cargo operations saw a mixed year. There was a twenty two per cent increase in 'trucked' air cargo but a temporary slowdown in the airlifted cargo sector was caused when a major express parcels carrier relocated its Birmingham operation. There are four main factors which have contributed to the continuing and increasingly successful performance of Birmingham International: an improved regional economic climate; expanding activity at the National Exhibition Centre; the liberalisation of Air Transport Agreements between the U.K. and certain European countries; and the decision by British Airways to develop a 'hub and spoke' operation at Birmingham.





Expansion at Birmingham International is likely to continue during the next ten years with the total number of passengers expected to rise to six million and 100,000 flights a year by 1999.

The rapid pace of growth seen in the past few years is not expected to continue — our own internal forecasts indicate in the medium to long term it will revert to general industry trends of around six per cent per annum — but Birmingham International can expect to be handling four million passengers within the next three years.

Market research suggests that in the short term we are going

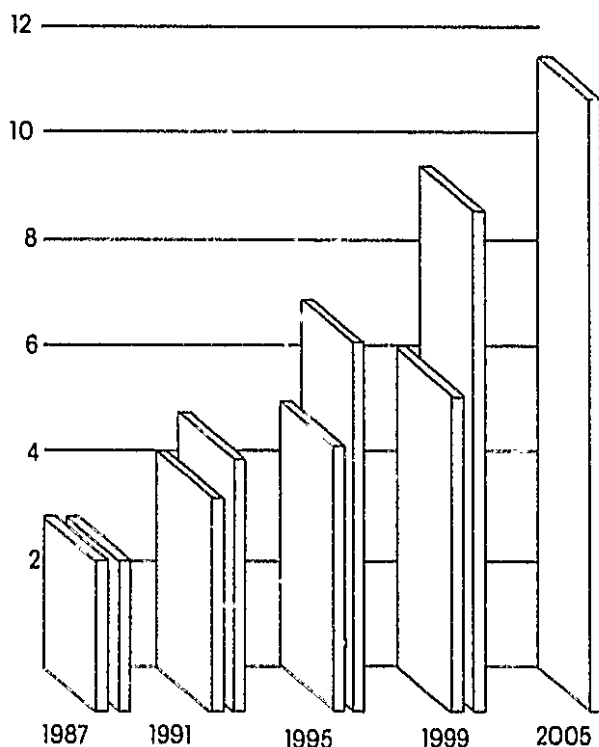
to see more new operators, new routes and increased aircraft capacity — particularly as a result of the 'hub and spoke' system.

A recent Civil Aviation Authority Report (CAP 548) which examined traffic distribution policy for the London area could also have a significant impact on Birmingham International. The CAA sees the airport as providing overspill capacity for the South East, particularly in the inclusive tour and long haul sectors — and its forecasts for total passengers at Birmingham International are significantly higher than our own.

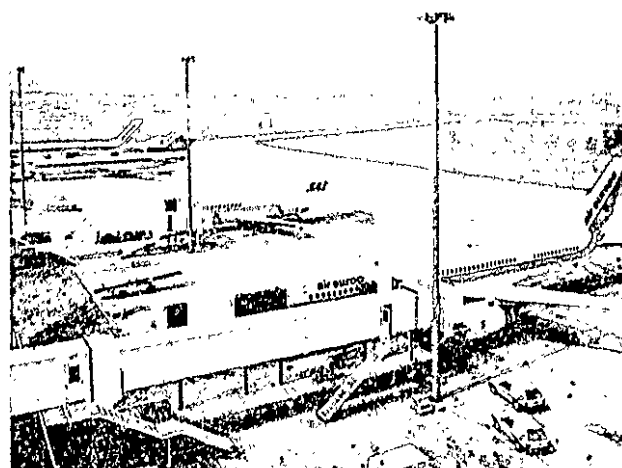
By the year 2005, the CAA estimates, Birmingham International could be handling eleven million passengers a year which represents an average annual growth rate of 10.7 per cent.

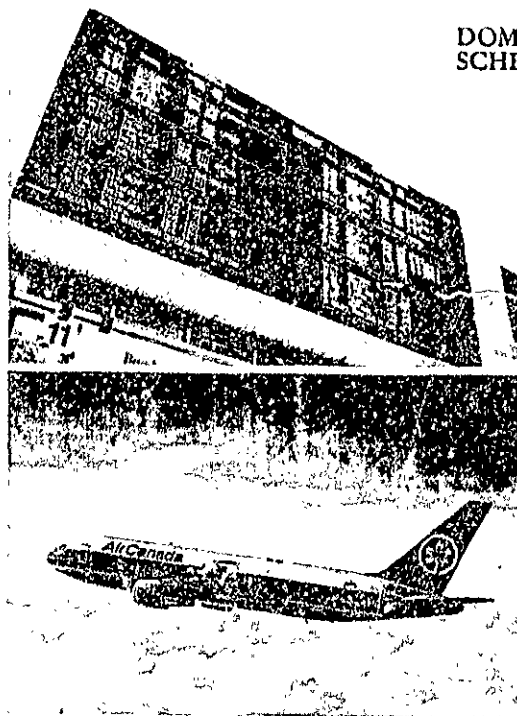


millions

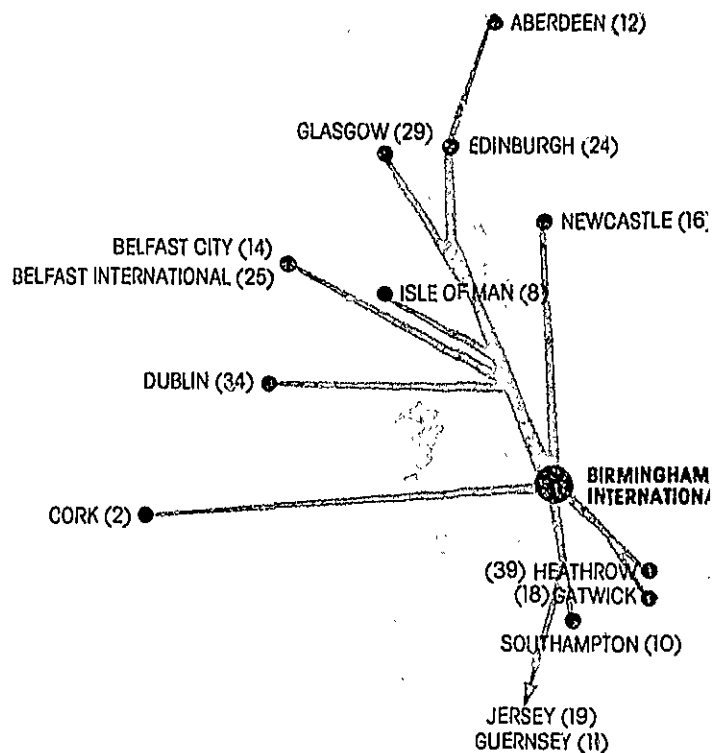


- ☐ Business Plan Forecast
- ☐ Civil Aviation Authority Forecast

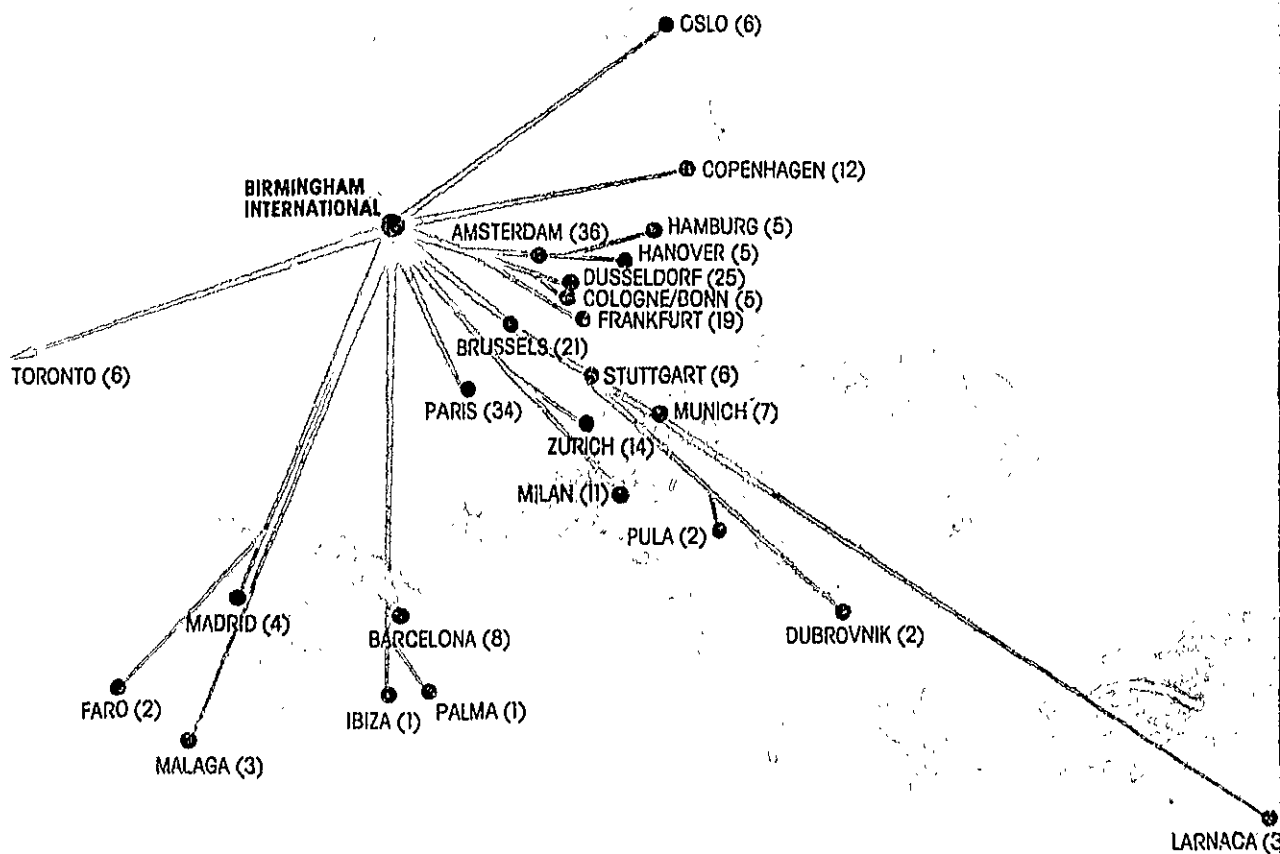




## DOMESTIC/Common TRAVEL AREA SCHEDULED ROUTES



## INTERNATIONAL SCHEDULED ROUTES







During the financial year under review six new International scheduled routes and services were introduced ranging from Ibiza and Oslo to Brussels and Toronto. Among the charter services a new destination, Izmir in Turkey, was also launched and a further seven new scheduled services are being introduced during the new financial year plus new charter services to Orlando in Florida. Lufthansa has started a nightly freighter service to Frankfurt and the new passenger routes will provide a cargo gateway to even more foreign destinations from Birmingham International.

## NEW INTERNATIONAL SCHEDULED SERVICES (1988/89)

**AerLingus** ..... BRUSSELS

**BRITISH AIRWAYS** ..... COLOGNE

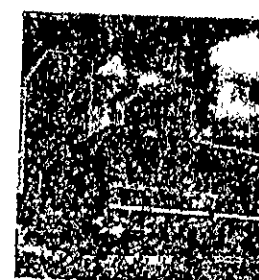
**Britannia** ..... PALMA  
..... IBIZA

**Wardair** ..... TORONTO (became  
a scheduled service  
from May 1988)

**BEA** ..... OSLO



By courtesy of British Tourist Board



## NEW INTERNATIONAL SCHEDULED SERVICES (1989/90)

**ISAS** ..... COPENHAGEN

**IBERIA** ..... BARCELONA  
..... MADRID

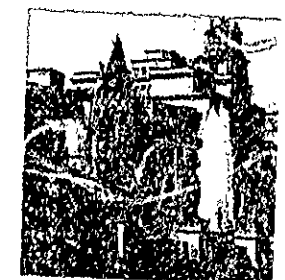
**AIR CANADA** ..... TORONTO

**BRITISH AIRWAYS** ..... BARCELONA  
..... ZURICH

**BEA** ..... PARIS



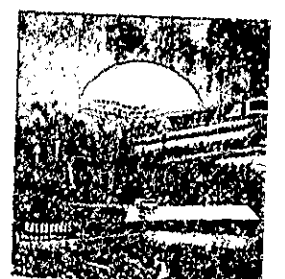
By courtesy of the Danish Tourist Board



## NEW LONG HAUL CHARTER SERVICES (1989/90)

**air europe** ..... ORLANDO

**Britannia** ..... ORLANDO





Further development of Birmingham International is now urgently needed to cope with our growing success and to maintain the high standards set by the Airport since the major redevelopment programme was completed in 1984.

The Airport company plans to invest some £46 million over the next three years with a further £100 million being invested by other private sector companies in the form of joint venture and other development schemes.

The Company is constrained from raising substantial loans or equity while its external funding is controlled within the Government's public

sector borrowing requirements. In order to achieve the level of investment required, we see the way forward, given the current constraints, as further development of joint ventures with other companies and direct investment by other private companies. This partnership will enable us to expand to meet demand and to diversify to meet the needs of our customers.

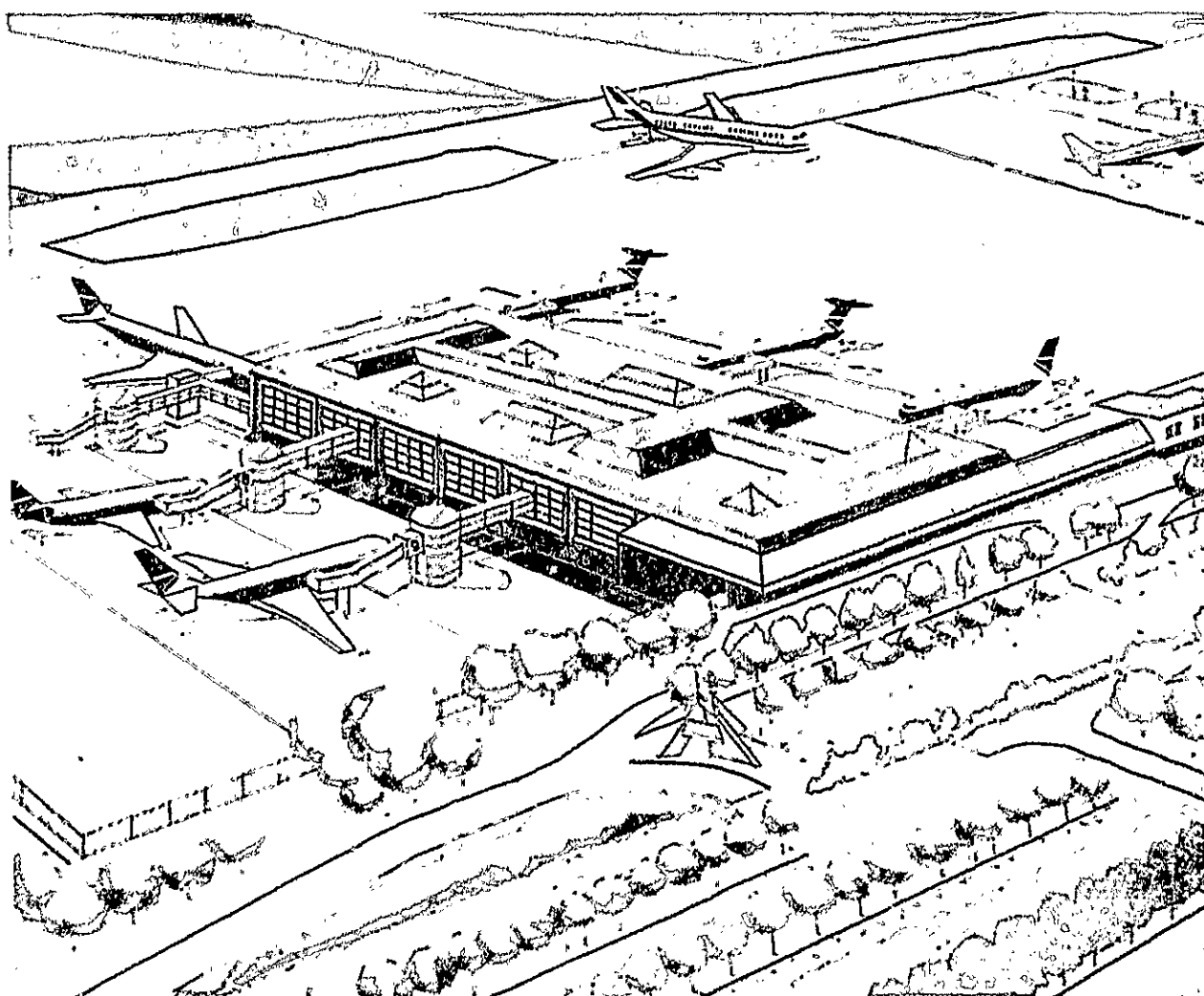
## PASSENGER TERMINAL

Two phases of a three phase short term programme designed to expand the capacity of the existing passenger terminal have already been completed.

The improvements will enable the Airport to handle an additional 1 million passengers a year in the existing terminal.

The first phase included the extension of the Arrivals Hall area to provide improved facilities for arriving passengers. It also provided better landside catering facilities in the terminal concourse and a large new bar called "The Aviator" on the first floor. This phase was completed in May 1988.

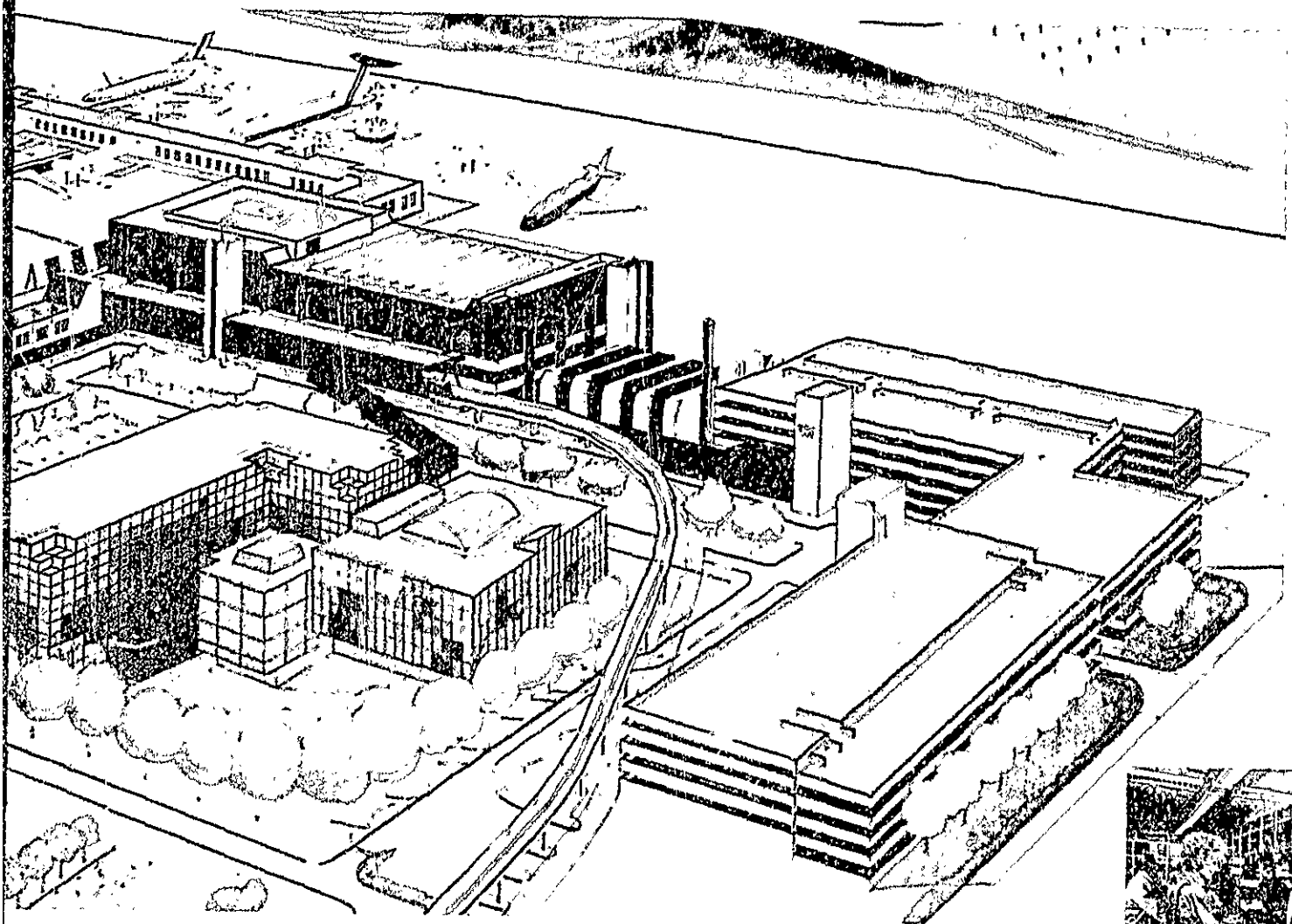
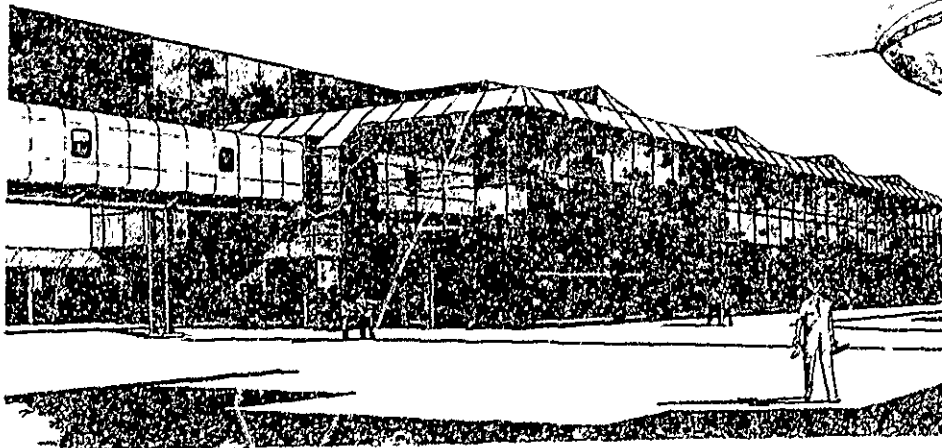
The second phase, called "Channel Change" was introduced in March this year and was designed to match passenger flows more closely to the terminal capacity. Five new stands and three



airbridges were added to serve the Domestic Pier and Apron. The third phase of the programme — expected to be completed by January 1990 — involves a major airside extension of the Passenger Terminal at ground and first floor levels.

At the ground floor level baggage handling, reclaim and check-in facilities are being expanded and streamlined while all airside departure facilities will be located on the first floor.

Longer term schemes are likely to include a further larger airside extension of the Terminal Building plus extensions to the International Pier.





## HUB TERMINAL

One of the most exciting developments at Birmingham International will be the building of a 'Terminal 2'. This will be a Hub Terminal primarily for British Airways services.

The 'hub and spoke' type of operation — already the normal method of domestic operation in the United States — is a key to the pattern of scheduled services that some airlines will offer in the future. Currently the majority of European airline services tend to operate on a 'point to point' basis — one destination being served from one point of origin.

With the relaxation of European air transport agreements and the EEC's proposed abolition of frontiers in 1992 the hub and spoke operation will grow in popularity.

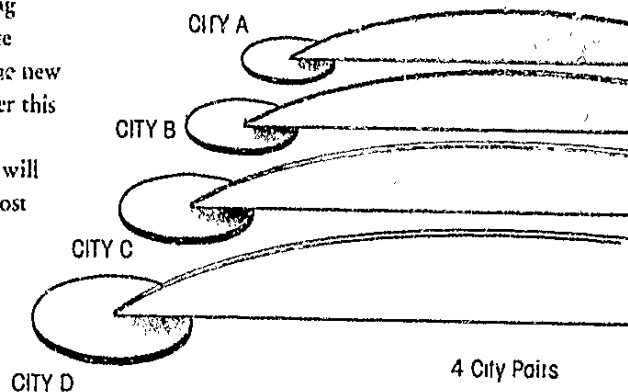
Airlines will be able to route passengers into the Hub Airport from a number of destinations from where they can change aircraft to any of the points served from the hub.

With one change of aircraft the passenger has a whole network to choose from rather than one destination, but operating as a hub places severe demands on an airport because it is characterised by a surge of aircraft over a short period. To operate successfully it

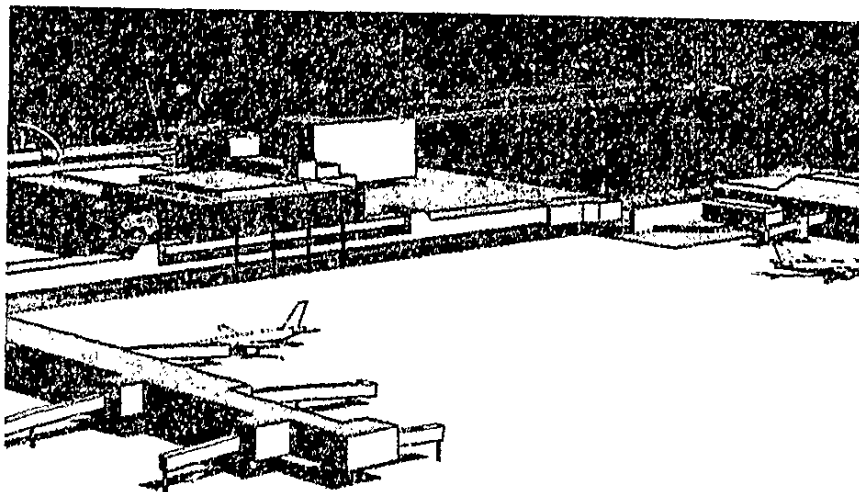
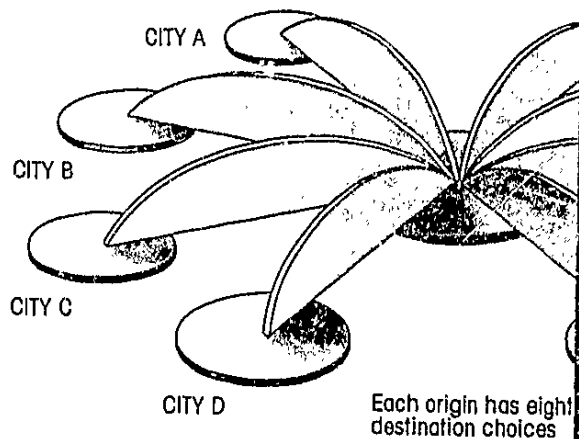
requires specially designed and dedicated facilities.

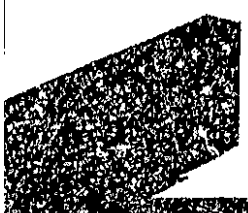
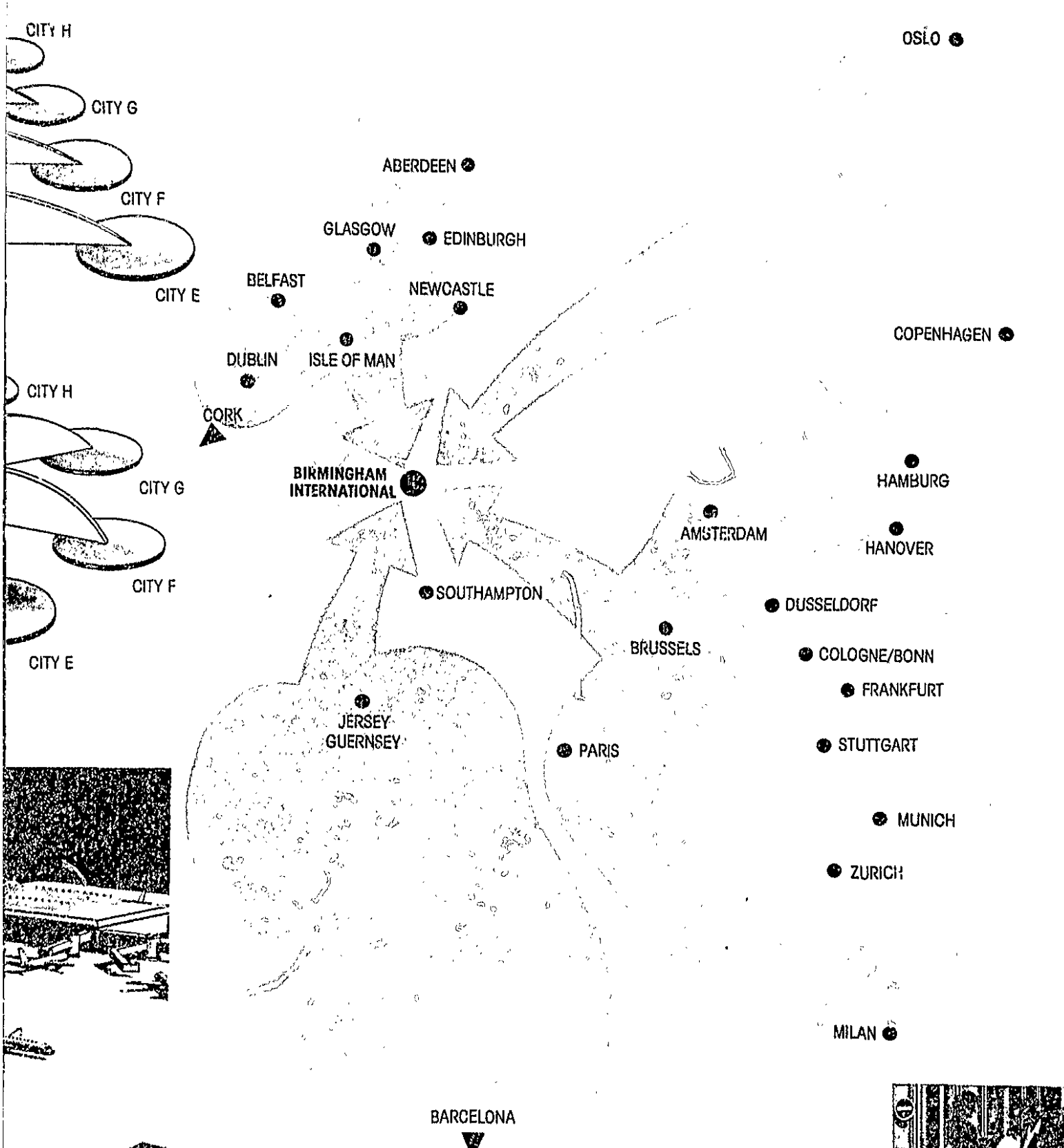
Birmingham International has already received planning permission to build these facilities and work on the new Hub Terminal starts later this year. It is scheduled for completion in 1991 and will immediately handle almost one quarter of all our passengers.

## CONVENTIONAL 'POINT-TO-POINT' NETWORK



## 'HUB & SPOKE' OPERATION







## OTHER DEVELOPMENTS

We're building for the future all around Birmingham International.

A 197 bedroom hotel, owned and operated by Novotel, is due for completion alongside the Terminal building in September 1990.

It will be linked to the Terminal Building by an elevated pedestrian walkway and the scheme will also incorporate 2000 square metres of lettable airport related office accommodation. Immediately adjoining the Airport there is another development of 36,000 square metres of office accommodation — which marks another first for the

company.

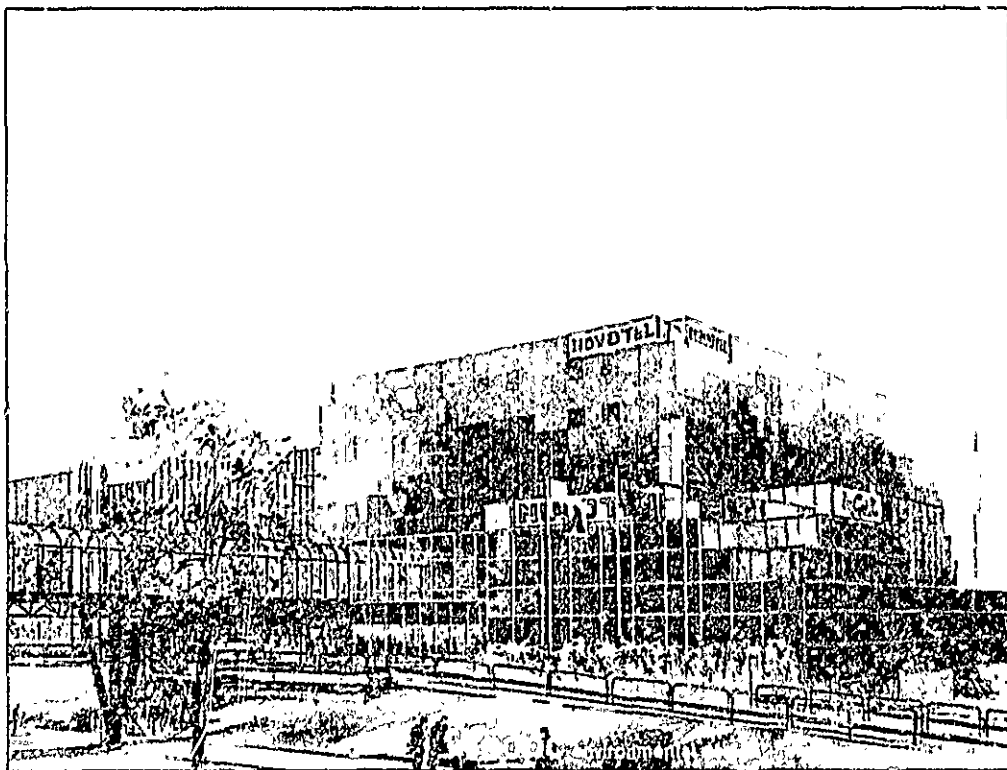
This site is being developed jointly by the Airport company, the Erostin Group and Burton Property Trust.

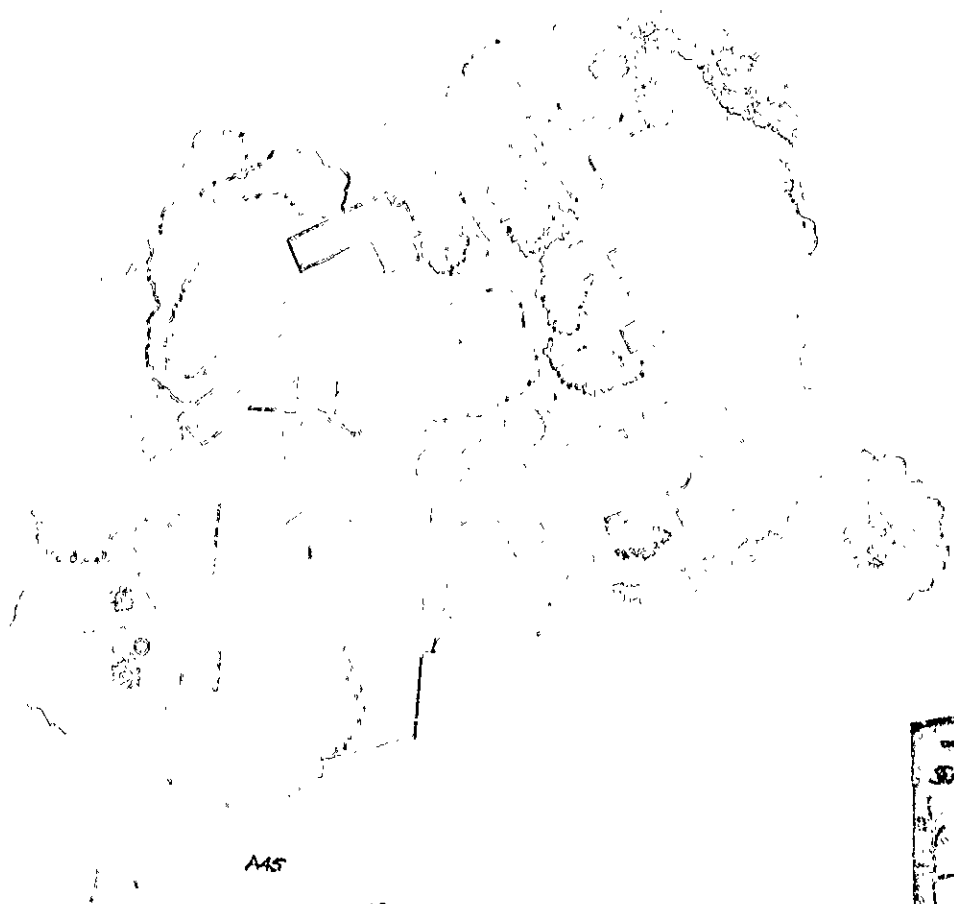
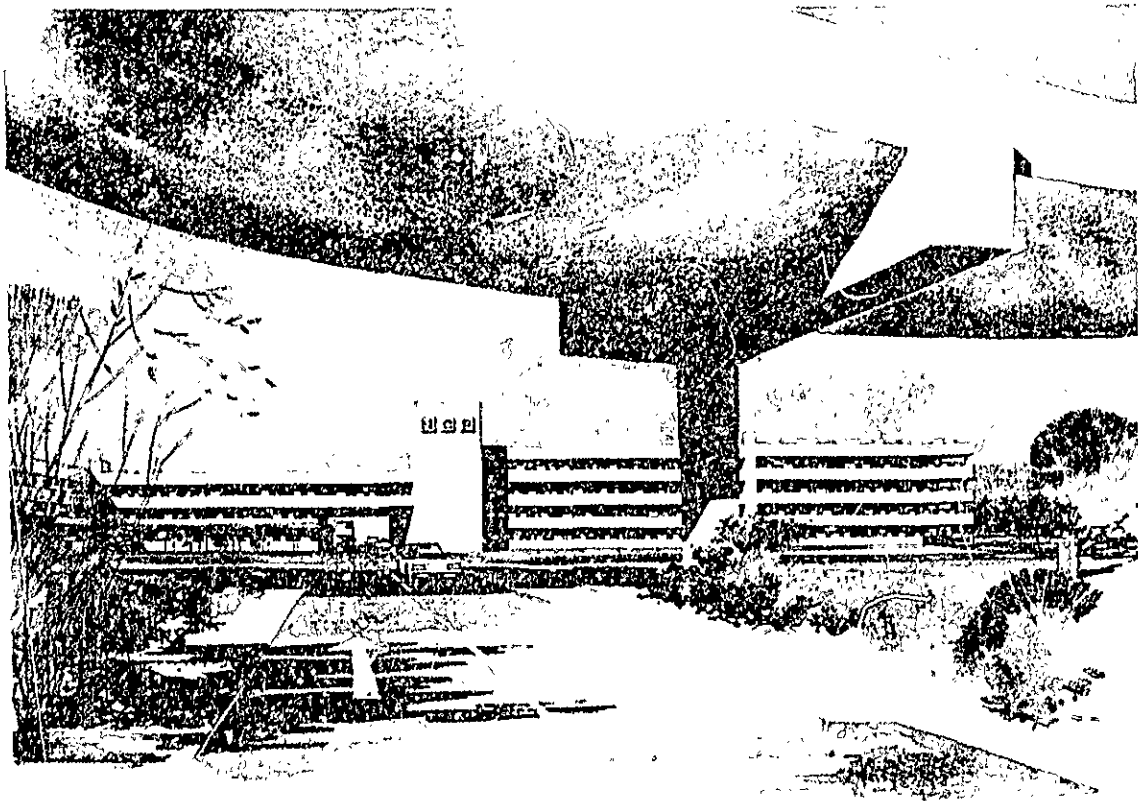
It is the first example of a development company being set up by an airport company on a joint venture basis and will provide quality accommodation for airline and airport related staff.

Car parking space at Birmingham International is also being increased to cope with additional traffic. The Airport is providing an additional 2,300 spaces while NCP are constructing a second multi-storey car park, due for completion in the autumn of 1990, which will

provide a further 1,200 spaces.

Methods of improving access, set-down and pick-up arrangements plus traffic circulation within the Airport perimeter are under consideration and further afield there is a preliminary analysis underway to assess the route for the Midlands Metro which will link the Airport with the heart of Birmingham.





AIRPORT APPROACH

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## CARGO AND FREIGHT FACILITIES

Birmingham International is catering for freight customers with a three phase programme designed to improve existing facilities and provide a major purpose-built freight warehouse.

The first phase has provided a new Express Freight Transit Shed offering a 24 hour dedicated bonded facility. Operated by the Airport Company this is the first facility of its kind in the U.K. The second phase, now under construction and due for completion in December, will provide 4,000 square metres of covered express freight processing facilities for Federal

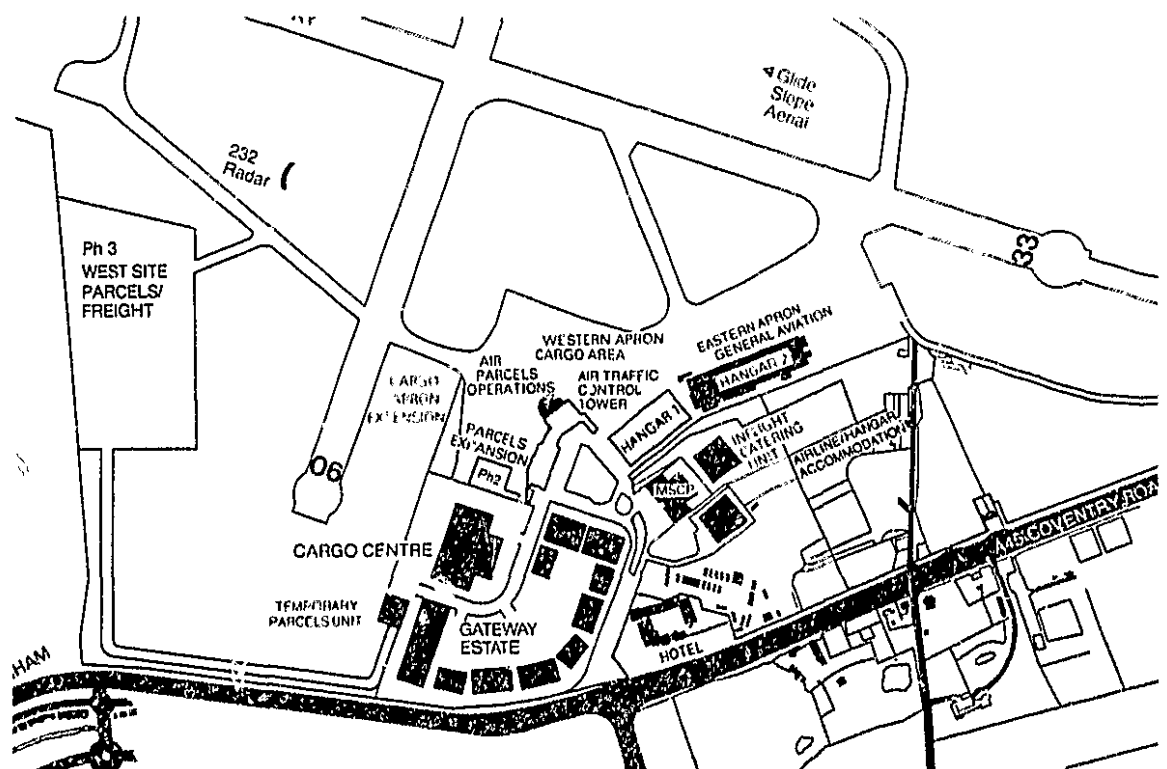
Express, including a bonded area and office block. It will have both landside and airside access direct onto an extended cargo apron.

The third phase is the new 10-12,000 square metre facility which will be sited to the west of the secondary runway.

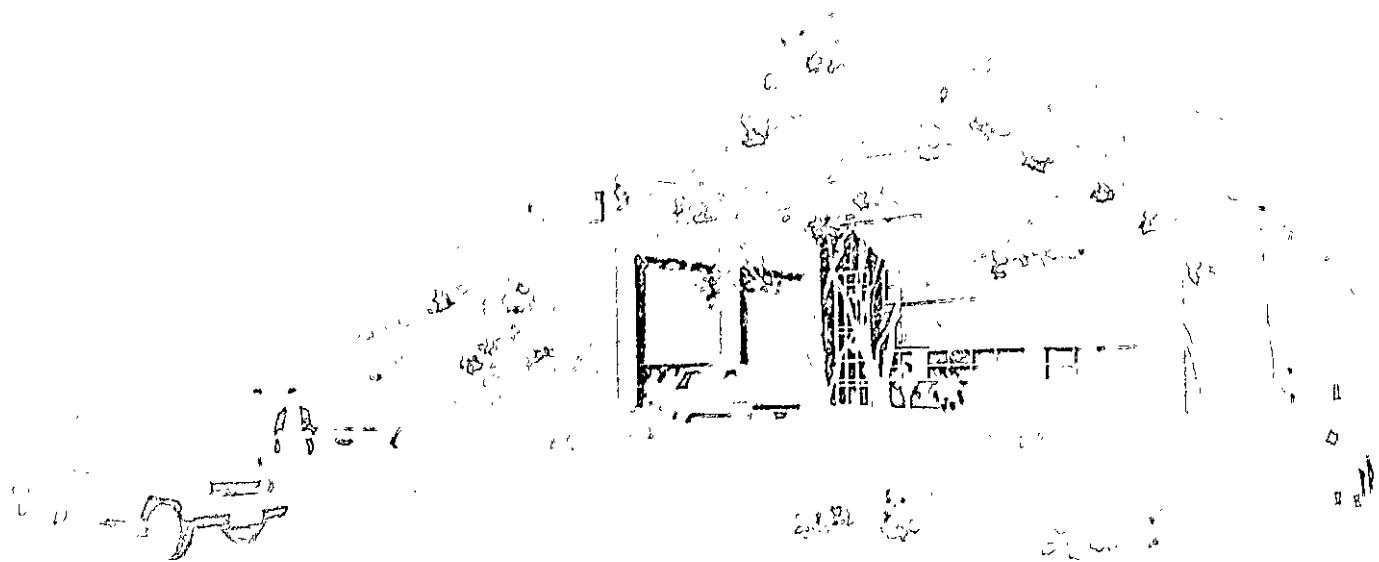
It will have its own apron and taxiway with direct access for freight vans and trucks and is due to be operational by 1991. Further expansion of freight facilities will come with a later scheme in which the Airport plans to redevelop the old passenger terminal buildings while revised arrangements for the freeport site now known as the 'Gateway Estate' will provide further opportunity



for development, whilst maintaining a dedicated Freeport.

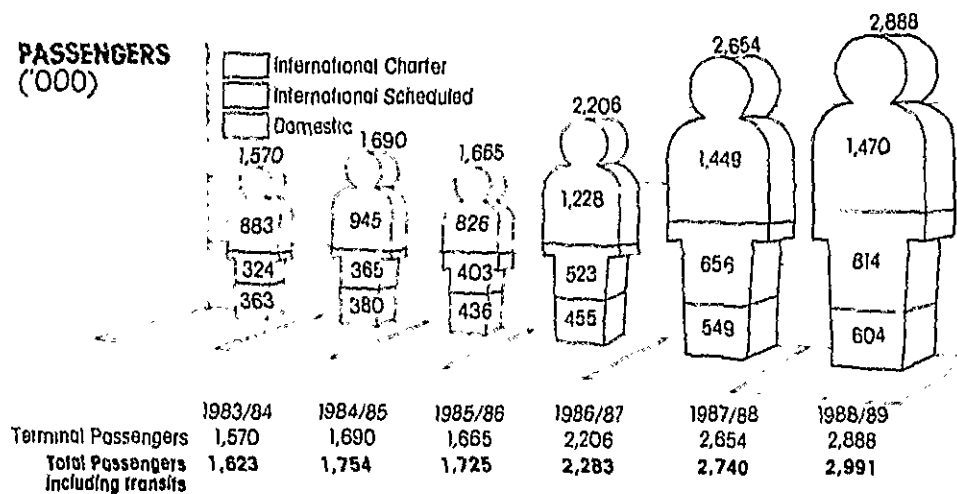




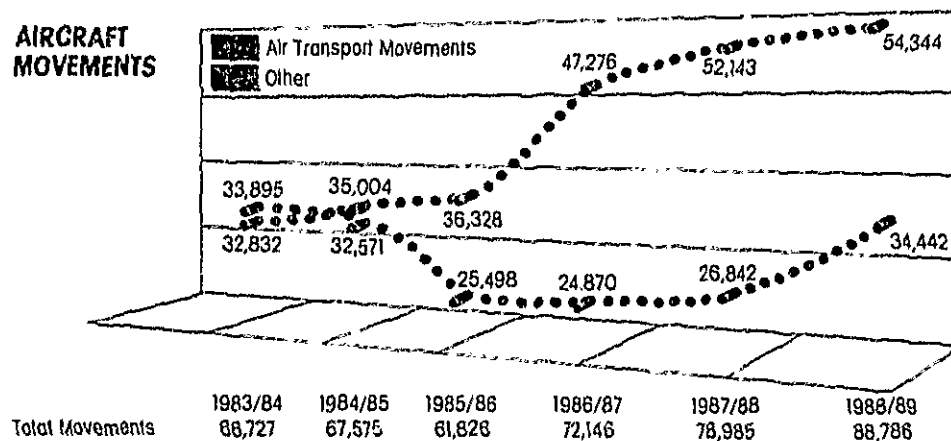




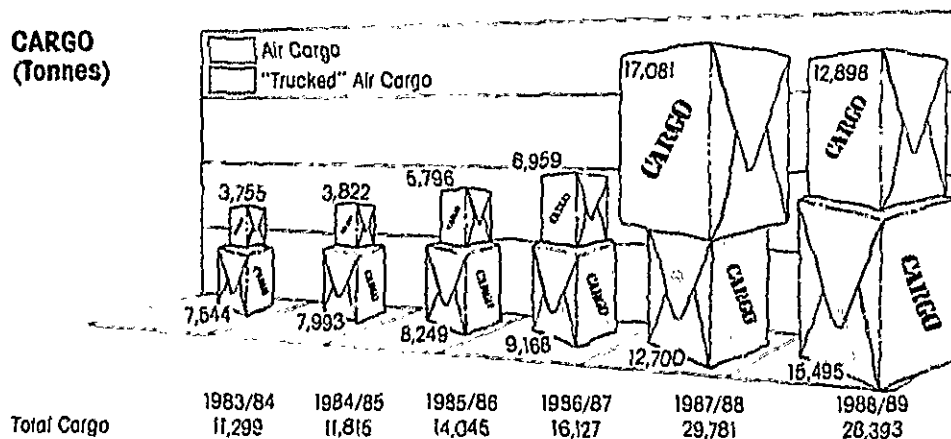
## PASSENGERS ('000)



## AIRCRAFT MOVEMENTS



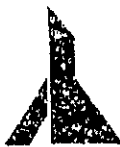
## CARGO (Tonnes)



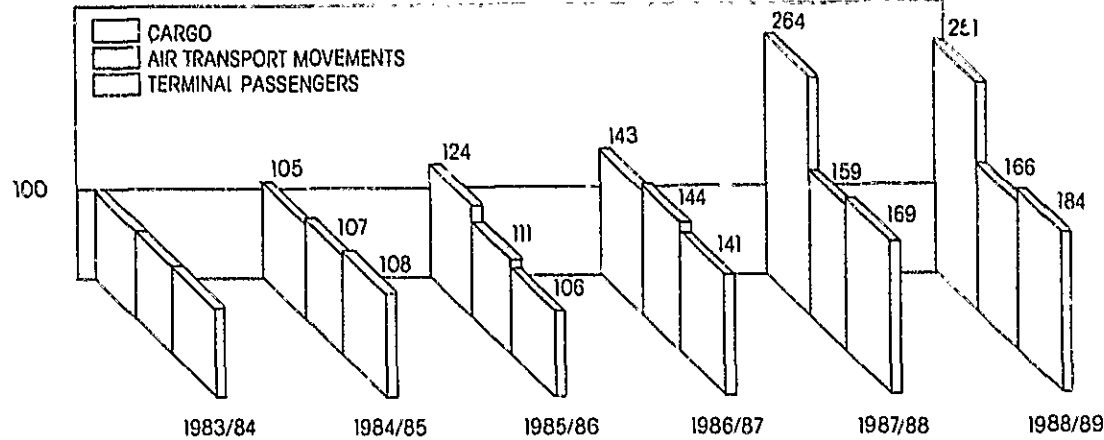
## COMPARISON WITH OTHER MAJOR UK AIRPORTS (For Calendar Year 1988)

	Total Passengers ('000)	% of Passengers at all UK Airports	Air Transport Movements	Air Cargo (1) (Tonnes)
Heathrow	37,841	39.98	330,378	642,147
Gatwick	20,846	22.03	182,522	191,999
Manchester	9,767	10.32	110,545	69,263
Glasgow	3,699	3.91	60,479	15,492
Birmingham	2,876	3.04	52,726	15,252
Luton	2,833	2.99	35,627	13,770
Belfast	2,180	2.30	35,108	29,044
Edinburgh	2,147	2.27	40,435	1,054
Aberdeen	1,637	1.73	70,459	6,311
Newcastle	1,452	1.53	19,454	690

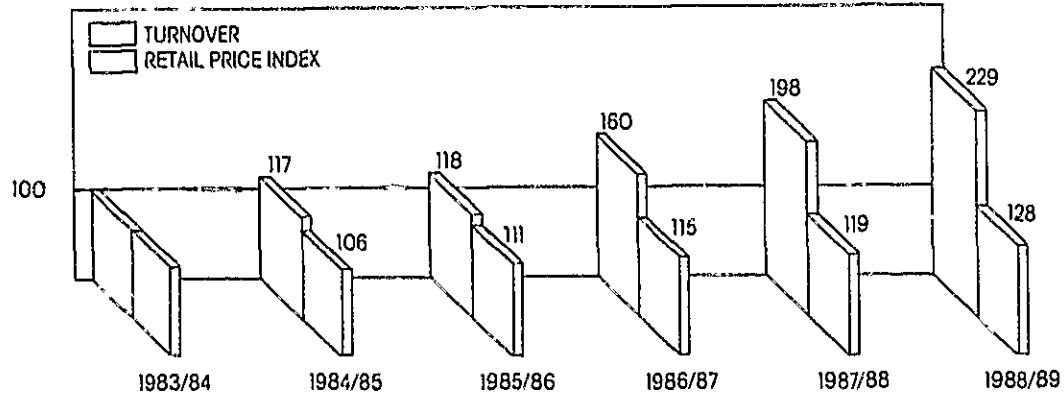
Note 1 Excluding "Trucked" Air Freight



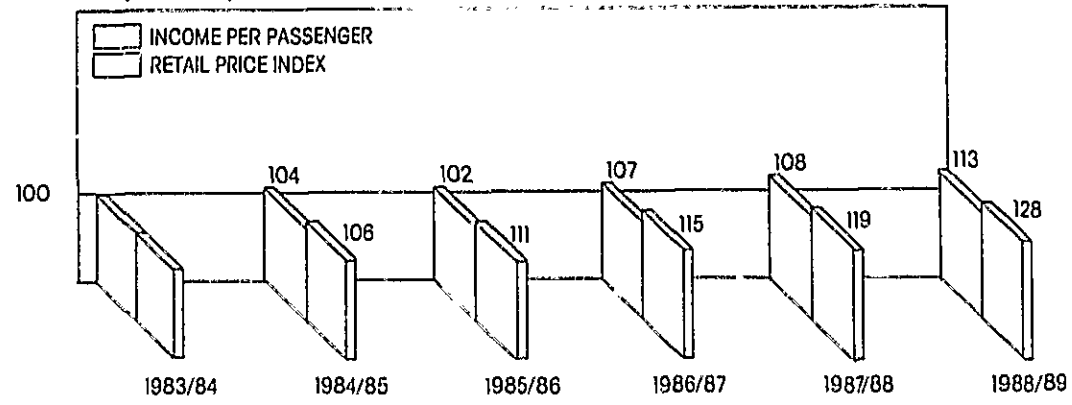
OPERATIONS STATISTICS



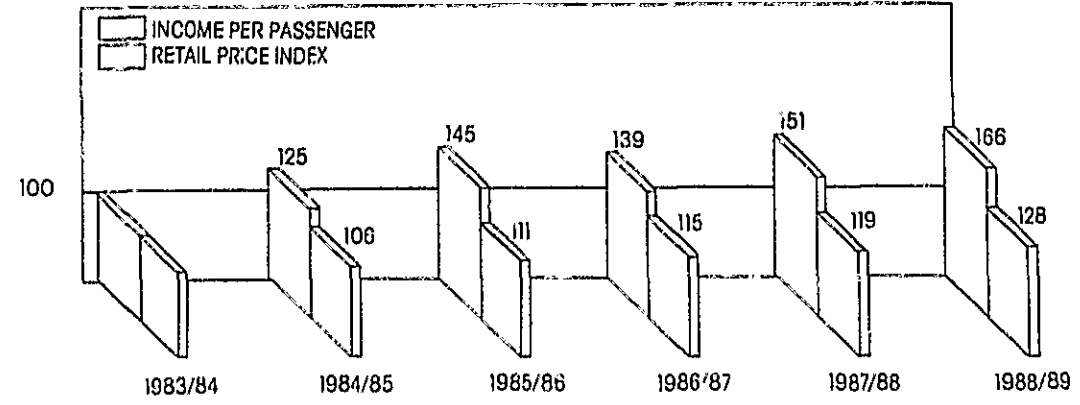
TURNOVER

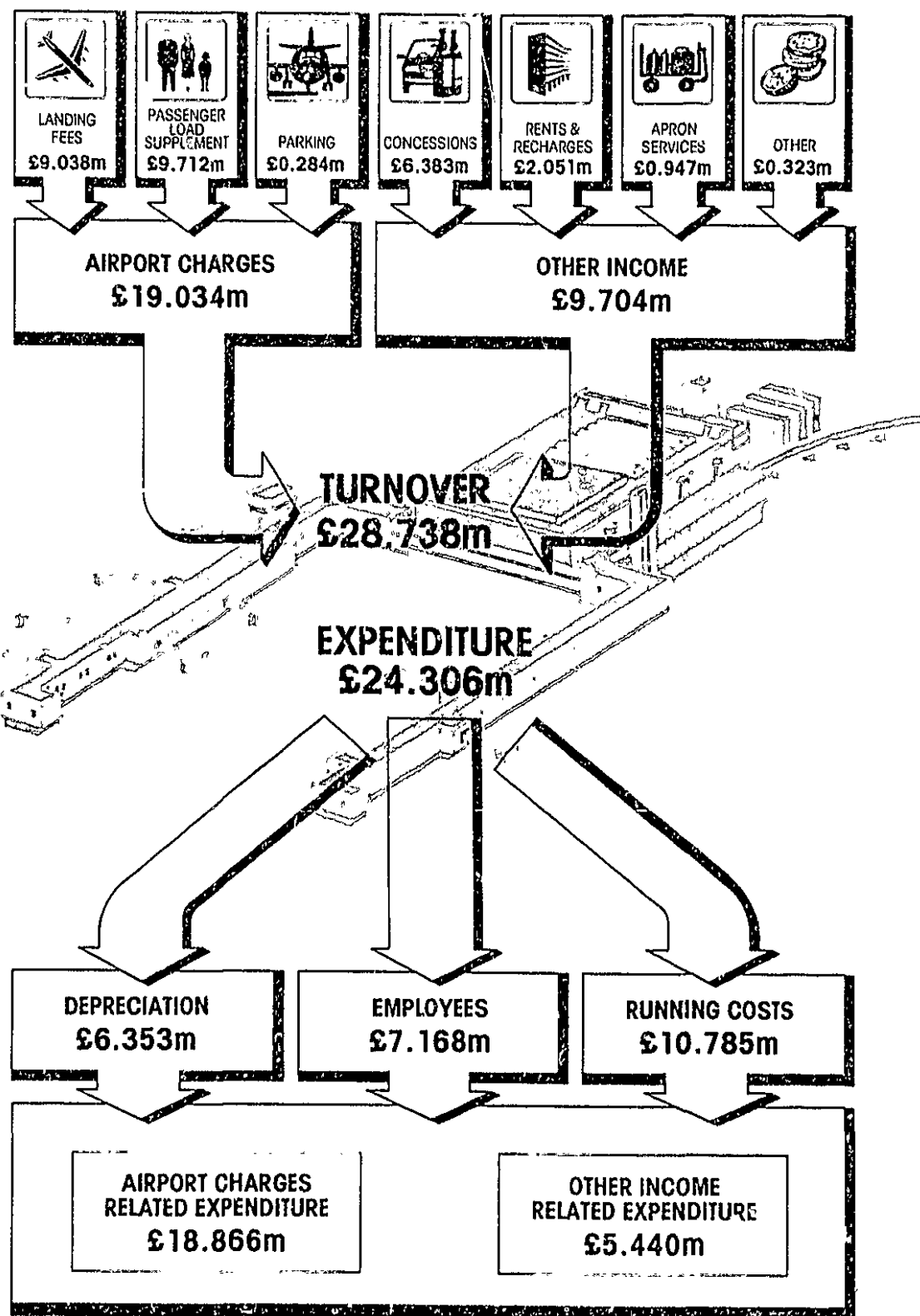


INCOME (TRAFFIC) PER TERMINAL PASSENGER



INCOME (COMMERCIAL) PER TERMINAL PASSENGER







## NON-EXECUTIVE DIRECTORS

Councillor Sir Stan Yapp  
*Chairman*  
Birmingham City Council

Councillor Syd Pemberton  
*Deputy Chairman*  
Sandwell MBC

Councillor Sir Richard Knowles  
Birmingham City Council

Councillor Don Lewis OBE  
Birmingham City Council

Councillor Fred Grattidge  
Birmingham City Council

Councillor Denis Berry  
Coventry City Council

Councillor Fred Hunt  
Dudley MBC

Councillor Peter Kellie MBE  
Solihull MBC

Councillor Brian John  
Walsall MBC

Councillor Chris Laws  
Wolverhampton MBC

## EXECUTIVE DIRECTORS

Bob Taylor, OBL DL  
*Managing Director*

Brian Summers, IPFA  
*Financial Director & Company Secretary*

John Walker, BA (Open)  
AMRAeS  
*Operations Director*

## HEADS OF DEPARTMENT

Alan Cornthwaite  
*Personnel*

Derek Edwards AIB  
*Commercial Services*

Tony Hartley, CEng MICE  
MIHT  
*Engineering*

Richard Lambert, BSc CEng  
MICE FCIT Assoc RAeS  
*Development and Planning*

David Old, IPFA  
*Chief Accountant*

Eddy Taylor, MCIM  
*Marketing*

Brian Wood  
*Operations and Security*

Auditors:  
Arthur Young  
Chartered Accountants  
Colmore Row  
Birmingham

Bankers:  
National Westminster Bank plc  
Colmore Row  
Birmingham



The directors submit their report and accounts for the year ended 31 March 1989.

## Results and dividends

The profit for the year after taxation amounted to £2.562 million. This enables the dividend on the £5.28 million 6¾% Preference Shares to be paid and the directors propose an Ordinary dividend of 19 pence per share be paid, taking the total dividend for the period to £0.858 million. The directors propose that £0.321 million of retained profit be appropriated to the capital development reserve and that the balance of £1.383 million be transferred to the profit and loss reserve.

## Principal activities

The principal activities of the company are the operation and management of Birmingham International Airport and the provision of facilities and services associated therewith. A review of the activities and prospects of the company is given on pages 6 to 17.

## Future developments

The company's latest Business Plan covering the 3 years to 1991/92 includes a £46 million investment programme to substantially increase the airport's passenger and cargo capacities and this programme is now underway.

Additionally, subsequent to the adoption of the plan, there have been intense discussions relating to the construction of a new terminal with substantial financial and operational implications for the company. Negotiations with potential partners in the formation of a private company to construct the new terminal are continuing. The target opening date for operating the new terminal is May 1991.

The company has made its first move into a joint venture. Together with Erostin Group plc and Burton Property Trust Ltd. (Burton Group) we have formed Birmingham Airport (Developments) Ltd. with the intention of developing a prime site adjacent to the Airport for office and similar activity related to the Airport. The company has a 30% share in the joint venture.

There have also been further agreements for major development and investment by the company. Work has already commenced on site to build a 197 bedroom hotel and 2,000 sq.m. office block above the car park adjacent to the terminal building. The hotel will be operated by Novotel, a part of the international hotel group Accor whilst the office block will be operated by this company; agreement has also been reached with National Car Parks to build and operate a new 1,200 space multi-storey car park.

## Fixed assets

Movements in the fixed assets of the company, since 1 April 1988 are set out in note 9 on page 30.

## Directors and their interests

The directors during the period were as follows:

Sir Stanley Yapp (Chairman)	appointed 7 July 1988
C.J. Kirk (Chairman)	resigned 7 July 1988
F.J. Chapman (Chairman from 21 July 1988)	resigned 7 June 1989
Sir Richard Knowles	
D.G. Lewis	
J.D. Berry	
F.S. Hunt	
P.F. Kellie	
R.R. Taylor	
B. Summers	
J.N. Walker	
S.P. Pemberton (Deputy Chairman)	
R. Swalman	resigned 26 May 1988
K.D. Reed	(alternate director for R.M. Knowles) resigned 6 October 1988
B.D. John	
A.C. Laws	appointed 26 May 1988
W.G. Lewis	appointed 6 October 1988 (alternate director for R.M. Knowles)
F. J. Graftidge	appointed 7 June 1989

The board of directors is in compliance with the Articles of Association; three directors are employees of the company (R.R. Taylor, B. Summers and J.N. Walker) and each of the Metropolitan Districts appoints one director, except for Birmingham City Council which appoints four.

No director holds any interest in the share capital of the company.

**Equal opportunities and employment of disabled persons**

Employment policies are designed to provide equal opportunities irrespective of sex, religion, race or marital status. It is the company's policy to give full and fair consideration to applications for employment made by disabled persons and where practicable, provision is made for their special needs. The opportunities available for training and promotion of employees apply equally to disabled persons. If existing employees become disabled every effort is made to ensure their continued employment.

**Employee involvement**

A high priority has been placed on the development of more effective communications within the company. The "Working Together" programme which was started last year has been continued with most of the employees being involved in follow up sessions intended to promote "Quality, Service and Performance". It is intended to continue with this process of staff participation in the development of high standards of service. Formal consultative arrangements with the trade unions have been strengthened.

*Staff newspapers and newsletters are distributed to all employees on a regular basis.*

**Political and charitable contributions**

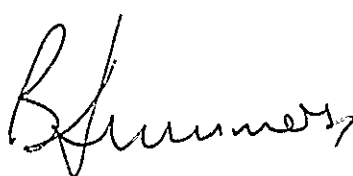
During the year the company made various charitable contributions totalling £3,528. No contributions have been made for political purposes.

**Auditors**

A resolution to re-appoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board  
**B. Summers**  
Director and Secretary

Birmingham  
21 June 1989





To the Members of Birmingham International Airport plc

We have audited the accounts on pages 25 to 32 in accordance with approved auditing standards. In our opinion, the accounts, which have been prepared under the historical cost convention modified to include the revaluation of fixed assets, give a true and fair view of the state of affairs of the company at 31 March 1989 and of the profit and source and application of funds of the company for the year then ended and comply with the Companies Act 1985.

  
Arthur Young  
Chartered Accountants

Birmingham  
21 June 1989



**Profit and Loss Account**  
for the year ended 31 March 1989



	Notes	1989 £000	1988 £000
Turnover	2	28,738	24,862
Operating costs		24,236	21,889
Net operating profit	3	4,502	2,973
Interest receivable		569	248
Interest payable	6	(639)	(331)
Profit on ordinary activities before taxation		4,432	2,890
Taxation	7	1,870	950
Profit for the year		2,562	1,940
Dividends	8	858	647
		1,704	1,293
Appropriation to capital development reserve	17	321	250
		1,383	1,043
Retained profit brought forward		1,043	—
Retained profit carried forward		2,426	1,043

The notes on pages 28 to 32 form part of these accounts



	Notes	£000	1989 £000	£000	1988 £000
<b>NET ASSETS EMPLOYED</b>					
<b>Fixed assets:</b>					
Tangible assets	9		88,104		82,831
<b>Current assets:</b>					
Stocks		275		268	
Debtors	10	6,678		4,441	
Amounts on short term deposit		13,732		5,200	
Cash at bank and in hand		543		560	
		<u>21,228</u>		<u>10,469</u>	
<b>Accrued income:</b>					
Deferred taxation asset	11	—		116	
		<u>21,228</u>		<u>10,585</u>	
<b>Creditors: amounts falling due within one year</b>					
	12	<u>13,352</u>		<u>5,967</u>	
Net current assets			<u>7,876</u>		<u>4,618</u>
Total assets less current liabilities			<u>95,980</u>		<u>87,449</u>
<b>Creditors: amounts falling due after more than one year</b>					
	13	9,350		4,860	
<b>Provision for liabilities and charges:</b>					
Deferred taxation liability	11	133		—	
Lund Compensation Act claims	14	548	10,031	979	5,839
			<u>85,949</u>		<u>81,610</u>
<b>CAPITAL AND RESERVES:</b>					
Share capital	15		7,925		7,925
Share premium			46,834		46,834
Capital reserve	16		28,193		25,558
Capital development reserve	17		571		250
Profit and loss account			<u>2,426</u>		<u>1,043</u>
			<u>85,949</u>		<u>81,610</u>

Sir Stanley Yopp, Director  
B. Summers, Director

21 June 1989

The notes on pages 28 to 32 form part of these accounts



	£000	1989 £000	£000	1988 £000
<b>Source of funds:</b>				
Profit on ordinary activities before taxation		4,432		2,890
Adjustment for items not involving the movement of funds				
Depreciation	6,353		6,493	
Provision for Land Compensation Act payments	—		200	
Loss on disposal of fixed assets	198		—	
		<u>6,551</u>		<u>6,693</u>
<b>Total generated from operations</b>		<b>10,983</b>		<b>9,583</b>
<b>Funds from other sources:</b>				
Proceeds of share issues	—		54,759	
Capital Reserve arising on acquisition	—		25,558	
New loans	8,368		1,600	
Proceeds of disposal of fixed assets	7		14	
Deferred income	1,200		—	
		<u>9,575</u>		<u>81,931</u>
		<b>20,558</b>		<b>91,514</b>
<b>Application of funds:</b>				
Acquisition of assets at Birmingham International Airport	—		80,317	
Amounts on short term deposit	8,532		5,200	
Purchase of fixed assets	8,831		3,608	
Land Compensation Act payments	431		796	
Transfer to current instalments of lease loans	261		891	
Tax paid	905		—	
Dividends paid	1,003		—	
		<u>19,963</u>		<u>90,812</u>
<b>Absorbed in working capital</b>		<b>595</b>		<b>702</b>
<b>Components of movement in working capital:</b>				
Stock		7		37
Debtors		2,237		4,441
Creditors		(1,632)		(3,486)
		<u>612</u>		<u>992</u>
<b>Movement in net liquid funds:</b>				
Cash at bank		(17)		(290)
		<u>595</u>		<u>702</u>

The notes on pages 28 to 32 form part of these accounts

# Notes to the Accounts

at 31 March 1989



## 1 Accounting policies

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

### Depreciation

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life. The principal rates per annum are as follows:

Buildings	between 10 and 40 years
Other works	between 10 and 30 years
Runways and aprons	between 5 and 20 years
Plant and equipment	between 4 and 16 years
Motor vehicles	between 5 and 10 years

### Stores

Stores of consumable items are valued at the lower of purchase cost and estimated economic value.

### Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advanced Corporation Tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

### Leasing commitments

Assets obtained under finance lease contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease or their useful lives. The interest element of such contracts is charged to the profit and loss account over the period of the lease in proportion to the outstanding balance of repayments.

Payments under contract hire agreements are charged to the profit and loss account as incurred.

## 2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

	1989 £000	1988 £000
Traffic	19,959	17,502
Commercial	8,779	7,360
	<u>28,738</u>	<u>24,862</u>

## 3 Operating profit

The operating profit for the year is stated after charging/(crediting):

	£000	£000
Auditors' remuneration	17	13
Depreciation:		
Owned assets	5,853	5,991
Assets held under finance leases	500	502
Operating lease rentals:		
Plant and equipment	127	107
Rents	(1,162)	(736)
Concessions	(6,382)	(5,428)

# Notes to the Accounts

31 March 1989



		1989 £000	1988 £000
Directors' emoluments	Emoluments (including pension contributions)	<u>116</u>	<u>106</u>
	The emoluments of the Chairman, excluding pension contributions were	£NIL	£NIL
	The emoluments of the highest paid director, excluding pension contributions, were	<u>43</u>	<u>41</u>
	Other directors' emoluments, excluding pension contributions, fell within the following ranges:		
		Number	Number
	£NIL	13	14
	£25,000 – £30,000	1	1
	£30,000 – £35,000	1	1
	No senior employee of the company received remuneration in excess of £30,000.		
Staff costs		£000	£000
	Wages and salaries	5,942	4,887
	Social security costs	457	362
	Other pension costs	419	608
		<u>6,818</u>	<u>5,857</u>
	The average weekly number of employees during the year was made up as follows:		
		Number	Number
	Operations and security	211	208
	Engineering	70	70
	Terminal services	103	96
Support services	86	72	
	<u>470</u>	<u>446</u>	
Interest payable		£000	£000
	Charges under finance leases	394	241
	Land Compensation Act claims	73	90
	Bank loans, overdrafts and other loans	172	—
		<u>639</u>	<u>331</u>
Taxation		£000	£000
	Based on profit for the year:		
	Corporation tax at 35%	1,670	850
	Deferred taxation	200	100
		<u>1,870</u>	<u>950</u>
If full provision had been made for deferred tax for the year, the tax charge would have been increased by £1.075 million. (1988: £0.815 million).			
Dividends		£000	£000
	Ordinary -- Proposed at 19p per share (1988: 11p per share)	502	291
	Preference -- Paid	356	356
		<u>858</u>	<u>647</u>



9 Tangible fixed assets

	Land and buildings		Other works	Plant and equipment	Total
	Freehold	Long leasehold			
	£000	£000	£000	£000	£000
Cost:					
At 1 April 1988	72,427	300	18,403	31,210	122,340
Capital reserve adjustment	3,000	—	—	—	3,000
Additions	6,881	—	59	1,891	8,831
Disposals	(364)	—	(41)	(279)	(684)
At 31 March 1989	<b>81,944</b>	<b>300</b>	<b>18,421</b>	<b>32,822</b>	<b>133,487</b>
Depreciation:					
At 1 April 1988	19,894	—	8,255	11,360	39,509
Provided during the year	2,612	—	920	2,821	6,353
Disposals	(337)	—	(33)	(109)	(479)
At 31 March 1989	<b>22,169</b>	<b>—</b>	<b>9,142</b>	<b>14,072</b>	<b>45,383</b>
Net book value:					
31 March 1989	<b>59,775</b>	<b>300</b>	<b>9,279</b>	<b>18,750</b>	<b>88,104</b>
31 March 1988	<b>52,533</b>	<b>300</b>	<b>10,148</b>	<b>19,850</b>	<b>82,831</b>
Included in net book value are the following amounts for assets acquired under finance leases:					
31 March 1989	<b>1,098</b>	<b>—</b>	<b>—</b>	<b>2,601</b>	<b>3,699</b>
31 March 1988	<b>1,153</b>	<b>—</b>	<b>—</b>	<b>3,046</b>	<b>4,199</b>

The additions of £8,831,000 includes capital work in progress of £1,526,000 on which no depreciation has been charged. (1988: additions of £3,608,000 included capital work in progress of £1,948,000).

10 Debtors		1989	1988
		£000	£000
	Trade debtors	2,944	2,831
	Prepayments and accrued income	2,313	1,537
	Payments in advance	1,200	—
	Other debtors	221	73
		<b>6,678</b>	<b>4,441</b>

11 Deferred taxation		Provided 1989	Unprovided 1989	Provided 1988	Unprovided 1988
		£000	£000	£000	£000
	Capital allowances in advance of depreciation	750	1,890	260	815
	Other timing differences	(450)	—	(160)	—
		<b>300</b>	<b>1,890</b>	<b>100</b>	<b>815</b>
	ACT recoverable	(167)	—	(216)	—
		<b>133</b>	<b>1,890</b>	<b>(116)</b>	<b>815</b>

12 Creditors		1989	1988
		£000	£000
	Amounts falling due within one year		
	Trade creditors	1,199	573
	Accruals	3,641	2,729
	Current instalments due on finance leases	400	453
	Corporation tax	1,782	1,066
	Other taxes and Social Security Costs	245	121
	Bank loans (unsecured)	3,982	—
	Proposed dividends	502	647
	Deferred income	1,593	378
		<b>13,352</b>	<b>5,967</b>

The Bank loans match the approvals granted by the Department of Transport for capital expenditure in 1987/88 and 1988/89.

# Notes to the Accounts

31 March 1989



		1989 £000	1988 £000
3 Creditors	Amounts falling due after more than one year		
	Due under finance leases	3,364	3,260
	Bank loans — wholly repayable within 5 years (unsecured)	—	1,300 <sup>a</sup>
	Loan from Birmingham District Council on behalf of the shareholding districts to finance capital expenditure during the year. The allocation (i.e. the approval to incur capital expenditure) has been assigned from the District Councils' allocations for the year	5,986	—
		<u>9,350</u>	<u>4,860</u>
4 Land Compensation Act	The company is required to pay in relation to major developments, compensation to property owners under the terms of the Land Compensation Act 1973.		
	At 1 April 1988	979	1,587
	Provided during the year	—	200
	Payments during the year	(431)	(808)
	At 31 March 1989	<u>548</u>	<u>979</u>
5 Share capital	Authorised, allotted, called up and fully paid:		
	2,641,800 Ordinary shares of £1 each	2,642	2,642
	5,283,600 6¼% Cumulative preference shares of £1 each	5,283	5,283
		<u>7,925</u>	<u>7,925</u>
6 Capital reserve		£000	
	Balance at 1 April 1988	25,558	
	Movement arising from reassessment of assets and liabilities acquired at 1 April 1987	2,635	
	Balance at 31 March 1989	<u>28,193</u>	
7 Capital development reserve	At 1 April 1988	250	
	Appropriation during year: New appropriation	300	
	Accrued interest on accumulated fund	21	
	Balance at 31 March 1989	<u>571</u>	
	The company considers it appropriate to retain reserves within the business to provide the funds for the replacement of its essential assets in this highly capital intensive business.		
8 Capital commitments			
	Amounts contracted but not provided for in the accounts	3,103	870
	Amounts authorised by the directors but not contracted	820	4,138

# Notes to the Accounts

at 31 March 1989



		1989 £000	1988 £000
<b>19 Lease commitments</b>	(a) Finance lease commitments		
	Amounts payable:		
	Within one year	408	453
	In the second to fifth years inclusive	1,753	1,749
	After five years	1,611	1,511
		<u>3,772</u>	<u>3,713</u>
	(b) Non-cancellable operating leases:		
	Annual commitments under leases which expire:		
	within one year	30	—
	In the second to fifth years inclusive	99	115
		<u>129</u>	<u>115</u>
<b>20 Contingent liabilities</b>	The company operates a noise insulation grant scheme for domestic dwellings within defined areas around the airport. Persons claiming under the current schemes must complete the insulation work before 10 August 1990. The Company estimates that the future contingent liability under the Scheme amounts to approximately £505,000. (1988: £300,000).		
<b>21 Pension commitments</b>	The company operates a contributory pension scheme for permanent employees. The scheme is the West Midlands Metropolitan Authorities Superannuation Fund and is administered by Wolverhampton MBC. The scheme is operated in accordance with the regulations of the Local Government Superannuation Scheme under the Local Government Superannuation Act 1972. The Company is in the process of finalising legal agreements for admission to the scheme.		
<b>22 Economic Regulation</b>	<p>The Airport Company is subject to economic regulation under the Airports Act 1986 which requires the airport to hold permission from the Civil Aviation Authority to levy airport charges.</p> <p>From 1 April 1988 the operational activities are required to be allocated between airport charges levied in connection with the landing, parking and taking-off of aircraft (including passenger related charges) and other operational income.</p> <p>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 in a separate category.</p> <p>The following have been quantified by means of apportioning the use of the Airport's accommodation and services.</p>		
	<b>Airport Operational Activities (1989)</b>	<b>£000</b>	<b>£000</b>
	Airport Charges: Revenue	19,034	
	Costs	18,866	168
	Other Income: Revenue	9,704	
	Costs	5,440	4,264
			<u>4,432</u>
	<b>Non-Operational Activities</b>		
	The company has no such activities under the Act		—
	<b>Company profit for the year</b>		<u>4,432</u>

Unless specified elsewhere in these notes, the company received no preferential treatment or financial support from any associated person or organisation during the period of these accounts.