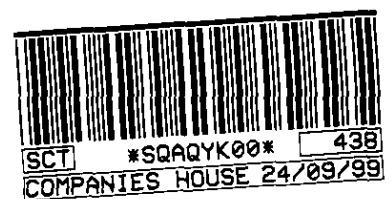


# Glasgow Prestwick International Airport Ltd

Financial statements for the 13 months ended 30 April 1999  
together with directors' and auditors' reports

Registered number: 135362

*30M*



# Glasgow Prestwick International Airport Ltd

## Directors' report

For the 13 months ended 30 April 1999

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 13 months ended 30 April 1999.

### Principal activity and business review

The principal activity of the company is the operation of Glasgow Prestwick International Airport.

The directors consider the results for the period and the financial position at period end to be satisfactory.

### Results and dividends

Turnover for the period was £16,714,457 (year ended 31 March 1998 - £13,439,137) and the profit on ordinary activities before taxation was £2,293,099 (year ended 31 March 1998 - £1,827,467).

No dividend is proposed for the period (year ended 31 March 1998 - £300,000) and the directors recommend that the retained profit of £1,580,884 (year ended 31 March 1998 - £970,172) be transferred to reserves.

The outlook for the year to 30 April 2000 remains positive and no significant changes in the nature of the business are anticipated.

### Directors and their interests

The directors who held office during the period under review were:

Hugh H Lang  
Thomas M Wilson  
Iain W Cochrane  
Rowland Gunn  
Matthew C Hudson (resigned 31 December 1998)  
William B Miller OBE (resigned 29 April 1998)  
James H Moffat (resigned 29 April 1998)  
Sir David McNee (resigned 29 April 1998)  
Stanley Morrison (resigned 29 April 1998)  
Douglas J Paxton (resigned 29 April 1998)  
Michael J Kinski (appointed 29 April 1998)  
Keith R Cochrane (appointed 29 April 1998)

# Glasgow Prestwick International Airport Ltd

## Directors' report

For the 13 months ended 30 April 1999

### Directors and their interests (continued)

No director had any beneficial interest in the share capital of the company during the period. The interests of Keith R Cochrane and Michael J Kinski in the issued share capital of the ultimate parent company are shown in the financial statements of Stagecoach Holdings plc. The other directors who have interests in the share capital of the ultimate holding company are as follows:

	30 April 1999
	Ordinary shares of 0.5p each
	Number
Thomas M Wilson	52,210
Hugh H Lang	30,122

### Year 2000 compliance

After an initial assessment of the potential impact of the year 2000 on the company, a plan has been developed to ensure that all significant risks are addressed well in advance of critical dates and with minimum disruption to the business. The execution of this plan is progressing in line with time scales set. Where risks have been identified in relation to other commercial entities and government bodies, our plans include monitoring such organisations and obtaining written assurances where appropriate. Key suppliers have been contacted and have provided Year 2000 assurances. The Board is confident that we will achieve year 2000 compliance in all areas which have a potentially significant impact on the business and that the cost of doing so will not have a material effect on the company.

### Employees

The company recognises its obligations to give disabled people full and fair consideration for all vacancies subject to the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain existing employees who become disabled and at the same time provide fair opportunities for the career development of disabled people.

During the period under review, arrangements have been maintained whereby employees of the company are systematically provided with information on matters of concern to them as employees. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

# Glasgow Prestwick International Airport Ltd

## Directors' report (continued)

For the 13 months ended 30 April 1999

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

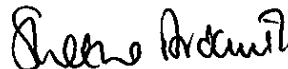
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

A resolution to reappoint Arthur Andersen as auditors will be proposed at the Annual General Meeting.

Glasgow Prestwick International Airport,  
Prestwick, KA9 2PL

By order of the Board



Sheena Beckwith  
Company Secretary

1 September 1999

Glasgow Prestwick International Airport Ltd

Auditors' report

For the 13 months ended 30 April 1999

Glasgow

To the Shareholders of Glasgow Prestwick International Limited:

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the company's state of affairs at 30 April 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

191 West George Street  
Glasgow  
G2 2LB

1 September 1999

# Glasgow Prestwick International Airport Ltd

## Profit and loss account

For the 13 months ended 30 April 1999

	Notes	13 months ended 30 April 1999 £	Year ended 31 March 1998 £
Turnover		16,714,457	13,439,137
Operating expenses		(14,458,704)	(11,590,955)
<b>Operating profit</b>	2	<b>2,255,753</b>	<b>1,848,182</b>
Interest receivable and similar income	3	105,074	13,045
Interest payable and similar charges	4	(67,728)	(33,760)
<b>Profit on ordinary activities before taxation</b>		<b>2,293,099</b>	<b>1,827,467</b>
Taxation on profit on ordinary activities	5	(712,215)	(557,295)
<b>Profit on ordinary activities after taxation retained for the period</b>		<b>1,580,884</b>	<b>1,270,172</b>
Dividends	6	-	(300,000)
<b>Profit retained for the period</b>		<b>1,580,884</b>	<b>970,172</b>
<b>Retained profit/(loss) brought forward</b>		<b>240,563</b>	<b>(729,609)</b>
<b>Retained profit carried forward</b>		<b>1,821,447</b>	<b>240,563</b>

All operations of the company continued throughout both periods and no operations were acquired or discounted.

No statement of total recognised gains and losses has been prepared, as there are no other recognised gains or losses for either period other than the retained profit reported above.

There is no material difference between the reported results for either financial period and the result for those periods restated on a historical cost basis.

A reconciliation of movement in shareholders' funds is given in note 15.

The accompanying notes form an integral part of this profit and loss account.

# Glasgow Prestwick International Airport Ltd

## Balance sheet

30 April 1999

	Notes	30 April 1999 £	31 March 1998 £
<b>Fixed assets</b>			
Tangible assets	8	1,724,857	1,561,243
Investments	9	<u>2</u>	<u>2</u>
		1,724,859	1,561,245
<b>Current assets</b>			
Stocks	10	198,848	148,693
Debtors	11	4,805,140	3,188,560
Cash at bank and in hand		<u>189,307</u>	<u>82,410</u>
		5,193,295	3,419,663
<b>Creditors: Amounts falling due within one year</b>	12	<u>(4,876,791)</u>	<u>(4,561,493)</u>
<b>Net current assets/(liabilities)</b>		316,504	(1,141,830)
<b>Total assets less current liabilities</b>		2,041,363	419,415
<b>Creditors: Amounts falling due after more than one year</b>	13	(54,700)	(40,000)
<b>Provisions for liabilities and charges</b>	16	<u>(165,214)</u>	<u>(138,850)</u>
<b>Net assets</b>		<u>1,821,449</u>	<u>240,565</u>
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account		<u>1,821,447</u>	<u>240,563</u>
<b>Equity shareholders' funds</b>	15	<u>1,821,449</u>	<u>240,565</u>

Signed on behalf of the Board

T M Wilson

Director

1 September 1999

The accompanying notes form an integral part of this balance sheet.

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements

For the 13 months ended 30 April 1999

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, are as follows:

#### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### b) Tangible fixed assets

Tangible fixed assets are included at cost or subsequent valuation, less accumulated depreciation, as set out in note 8.

Depreciation is charged on assets from the date they are brought into use and is provided so as to write off the cost or valuation less estimated residual value of assets on a straight line basis over their estimated useful lives, at the following rates:

Plant and machinery	-	10% and 33.3% straight line
Motor vehicles	-	25% straight line

#### c) Cash flow statement

As permitted by FRS 1 (revised), no cash flow statement has been prepared for the company as it is a subsidiary undertaking of an EC registered parent, Stagecoach Holdings plc, whose group financial statements include a consolidated cash flow statement.

#### d) Turnover

Turnover which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied, arising entirely in the United Kingdom.

#### e) Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and tax computations) is calculated on the liability method. Provision is made for timing differences which, in the opinion of the directors, will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax including that which will probably not reverse, is shown in note 16.

#### f) Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with fellow group members.



# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 1 Accounting policies (continued)

#### g) Pension costs

Until 31 March 1999, the company operated a defined contribution pension scheme. From that date, the company became a member company of the Stagecoach Holdings Group Pension scheme, which is a defined benefit scheme. The pension charge represents the amounts payable by the company to the fund in respect of the period to 31 March 1999 together with charges for April 1999 calculated to reflect a substantially level percentage of the current pensionable payroll. Any timing difference between amounts charged in the profit and loss account and paid to the pension fund is shown in the balance sheet as an asset or a liability. Pension costs and liabilities are determined in accordance with actuarial advice.

#### h) Consolidated financial statements

Glasgow Prestwick International Airport Ltd is a wholly owned subsidiary of Prestwick Aviation Holdings Limited. In accordance with the provisions of Section 228 of the Companies Act 1985, the company does not require to submit consolidated financial statements.

#### i) Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

#### j) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are capitalised in the balance sheet as an asset at the equivalent of the purchase price. Obligations arising from hire purchase contracts and finance leases represent the total of the capital payments outstanding at the date of the balance sheet. Future finance charges are not included. Finance charges are calculated in relation to the reducing balance of capital outstanding throughout the contract and charged to the profit and loss account on the same basis.

Rentals under operating leases are charged on a straight line basis over the lease term.

#### k) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the invoice cost of the goods. Net realisable value is based on estimated selling price. Provision is made for obsolete, slow-moving or defective items where appropriate.

Included within stocks are amounts of foreign currency held for re-sale to customers.

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 2 Operating profit

Operating profit is stated after charging:

	13 months ended 30 April 1999 £	Year ended 31 March 1998 £
Depreciation on owned tangible fixed assets	200,824	132,474
Depreciation on tangible fixed assets held under finance lease	80,513	70,431
Profit on sale of fixed assets	3,000	-
Auditors' remuneration	-	7,000
Hire of plant and machinery - operating leases	66,814	69,962
Charitable donations	3,434	41,299

Auditors' remuneration is borne by the immediate parent company, Prestwick Aviation Holdings Ltd.

### 3 Interest receivable and similar income

	13 months ended 30 April 1999 £	Year ended 31 March 1998 £
Interest receivable and similar income	105,074	1,307
EA Grant	-	11,738
	<u>105,074</u>	<u>13,045</u>

### 4 Interest payable and similar charges

	13 months ended 30 April 1999 £	Year ended 31 March 1998 £
On finance leases and hire purchase contracts	37,372	13,183
Group interest payable	-	23,975
Other interest payable	30,356	(3,398)
	<u>67,728</u>	<u>33,760</u>

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 5 Taxation on profit on ordinary activities

	13 months ended 30 April 1999 £	Year ended 31 March 1998 £
<i>Current period</i>		
UK Corporation tax	685,852	414,619
Transfer to deferred taxation	27,320	43,229
	<u>713,172</u>	<u>457,848</u>
<i>Prior year</i>		
Deferred tax	(957)	-
UK Corporation tax	-	99,447
	<u>712,215</u>	<u>557,295</u>

### 6 Dividend

There is no dividend for the current financial period (year ended 31 March 1998: £300,000).

### 7 Information on directors and employees

The average monthly number of persons employed by the company during the period was made up as follows:

	13 months ended 30 April 1999 Number	Year ended 31 March 1998 Number
Operations	286	252
Administrative	19	36
	<u>305</u>	<u>288</u>

Staff costs can be analysed as follows:

	13 months ended 30 April 1999 £	Year Ended 31 March 1998 £
Wages and salaries	4,443,636	3,797,254
Social security costs	419,330	332,194
Pension costs	73,135	61,507
	<u>4,936,101</u>	<u>4,190,955</u>

The directors received no remuneration from the company during the period ended 30 April 1999 (year ended 31 March 1998: £132,706). Michael J. Kinski and Keith R. Cochrane were paid by the ultimate parent company, Stagecoach Holdings plc, and details of their emoluments are disclosed in the financial statements of that company. None of their remuneration is incidental to their duties as directors of this company.

The other directors who served during the period are remunerated by other group companies.

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 8 Tangible fixed assets

	Plant and machinery £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 April 1998	1,969,230	77,730	2,046,960
Additions	527,259	8,900	536,159
Transfers from group companies	58,682	12,500	71,182
Transfers to group companies	(145,969)	(26,200)	(172,169)
Disposals	-	(13,000)	(13,000)
At 30 April 1999	<u>2,409,202</u>	<u>59,930</u>	<u>2,469,132</u>
<b>Depreciation</b>			
At 1 April 1998	439,690	46,027	485,717
Charge for the period	264,478	16,859	281,337
Transfers from group companies	-	2,865	2,865
Transfers to group companies	(6,898)	(7,642)	(14,540)
Disposals	-	(11,104)	(11,104)
At 30 April 1999	<u>697,270</u>	<u>47,005</u>	<u>744,275</u>
<b>Net book value</b>			
At 30 April 1999	<u>1,711,932</u>	<u>12,925</u>	<u>1,724,857</u>
At 31 March 1998	<u>1,529,540</u>	<u>31,703</u>	<u>1,561,243</u>

Included in tangible fixed assets above are assets held under finance leases or hire purchase contracts as follows:

	30 April 1999 £	31 March 1998 £
Plant and machinery	467,541	646,849
Motor vehicles	6,675	27,729
	<u>474,216</u>	<u>674,578</u>

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 9 Fixed asset investments

	30 April 1999	31 March 1998
	£	£
Cost	2	-
Additions	-	2
	<u>2</u>	<u>2</u>

The investment represents 100% of the issued share capital of Airward Aviation Services Ltd. This company has not traded since incorporation.

### 10 Stock

	30 April 1999	31 March 1998
	£	£
Goods for resale	188,470	137,052
Other	10,378	11,641
	<u>198,848</u>	<u>148,693</u>

### 11 Debtors

	30 April 1999	31 March 1998
	£	£
Trade debtors	960,134	809,151
Other debtors	3,765	2,352
Prepayments and accrued income	1,052,865	455,167
Amounts owed by group companies	2,637,352	1,921,890
Value added tax	151,024	-
	<u>4,805,140</u>	<u>3,188,560</u>

All amounts shown under debtors fall due for payment within one year.

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 12 Creditors: Amounts falling due within one year

	30 April 1999 £	31 March 1998 £
Bank overdraft	-	60,732
Net obligations under finance lease and hire purchase contracts	42,138	31,916
Trade creditors	726,558	288,870
Amounts owed to other group undertakings	2,564,277	3,035,223
Corporation tax	711,028	544,755
Taxation and social security	179,240	114,254
Other creditors	-	33,099
Accruals and deferred income	653,550	452,644
	<u>4,876,791</u>	<u>4,561,493</u>

### 13 Creditors: Amounts falling due after more than one year

	30 April 1999 £	31 March 1998 £
Net obligations under finance leases and hire purchase contracts	<u>54,700</u>	<u>40,000</u>

All amounts above fall due within 2 - 5 years.

### 14 Share capital

	30 April 1999 £	31 March 1998 £
<i>Authorised:</i>		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, issued and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 15 Reconciliation of movement in shareholders' funds

	30 April 1999 £	31 March 1998 £
Profit for the period	1,580,884	1,270,172
Dividends	-	(300,000)
Opening shareholders' funds	240,565	(729,607)
Closing shareholders' funds	<u>1,821,449</u>	<u>240,565</u>

# Glasgow Prestwick International Airport Ltd

## Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

### 16 Provisions for liabilities and charges

The amount of deferred taxation provided is as follows:

	30 April 1999 £	31 March 1998 £
Accelerated capital allowances	165,214	142,489
Other timing differences	-	(3,639)
	<u>165,214</u>	<u>138,850</u>

There is no unprovided deferred tax liability (1998 : £Nil).

### 17 Guarantees and other financial commitments

- The Royal Bank of Scotland plc has a bond and floating charge over certain assets of the company.
- There were commitments for capital expenditure totalling £3,149 at 30 April 1999 (1998: £50,000).
- The company has commitments under operating leases of £18,050 (1998: £35,490) relating to the hire of plant and machinery. These commitments expire within 2 to 5 years.
- The company has entered into cross company guarantees in favour of the Royal Bank of Scotland plc with the immediate parent company and certain fellow subsidiaries in respect of group facilities.

### 18 Ultimate parent company

The company's immediate parent company is Prestwick Aviation Holdings Limited, registered in Scotland (number 130620). The company's ultimate parent company is Stagecoach Holdings plc. ). Prestwick Aviation Holdings Ltd heads the smallest group in which the results of the company are consolidated and Stagecoach Holdings plc heads the largest. Copies of the Stagecoach group financial statements are available to the public from the following address:

Stagecoach Holdings plc  
Charlotte House  
20 Charlotte Street  
Perth  
PH1 5LL

### 19 Prior year comparatives

The 1998 figures are shown for comparative purposes only and were audited by a firm of Chartered Accountants other than Arthur Andersen.