

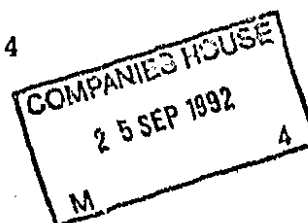
AIRPORTS UK (SOUTHAMPTON) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1992

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AIRPORTS UK (SOUTHAMPTON) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

C P Sewell-Rutter
A T Jurenko

- Managing Director

Secretary

Mrs R Rowson

Registered Office

130 Wilton Road
LONDON
SW1V 1LQ

Auditors

Touche Ross & Co
Chartered Accountants

Bankers

Barclays Bank PLC

AIRPORTS UK (SOUTHAMPTON) LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 1992 ("the year").

PRINCIPAL ACTIVITIES

The Company owns and is the licensed operator of Southampton Eastleigh Airport.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The lease of Southampton Eastleigh Airport between the Company and Airports UK Limited was terminated on 31 March 1991 and the Company took over the management of the airport from 1 April 1991. The Company has commenced redevelopment work at the airport and intends to undertake a complete redevelopment programme.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £922,000 which has been transferred to reserves. The Directors do not recommend the payment of a dividend.

FIXED ASSETS

Details of changes in fixed assets during the year are shown in note 6 to the accounts.

BOARD OF DIRECTORS

The following persons were Directors of the Company during the year:

A T Jurenko	- appointed 2 September 1991
C P Sewell-Rutter	
J J Stent	- ceased 2 September 1991

AIRPORTS UK (SOUTHAMPTON) LIMITED

DIRECTORS' INTERESTS

The interests of the Directors holding office at the year end in the ordinary shares and Floating Rate Unsecured Loan Notes 1998 of BAA plc are set out below:

	SHARES		OPTIONS			
	1 April 1991 (or date of appointment if later)	31 March 1992	1 April 1991 (or date of appointment if later)	Granted during the year (or since date of appointment)	Exercised during the year	31 March 1992
C P Sewell-Rutter	1,147	1,147	25,128	5,968	-	31,096
A T Jurenko	200	200	27,130	4,984	-	38,114

LOAN NOTES (£)

	1 April 1991 (or date of appointment if later)	31 March 1992
A T Jurenko	93,765*	93,765*

*Non Beneficial

Neither Director had any interest in the shares of the Company or any other subsidiary of BAA plc at any time during the year.

130 Wilton Road
London
SW1V 1LQ

By Order of the Board of Directors
and signed on behalf of the Board

Michael Benson

4 June 1992


Secretary

AIRPORTS UK (SOUTHAMPTON) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards.

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


Chartered Accountants
and Registered Auditor
Hill House
1 Little New Street
London
EC4A 3TR

4 June 1992

AIRPORTS UK (SOUTHAMPTON) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1992

	Note	Year ended 31 March 1992	12 October 1989 to 31 March 1991
		£	£
Turnover	1(b)	4,900	1,356
Operating Costs	4	<u>3,106</u>	<u>1,285</u>
Profit before Interest and Taxation		1,794	71
Interest Payable		<u>(2,757)</u>	<u>(1,976)</u>
Loss on Ordinary Activities before Taxation		(963)	(1,905)
Tax on (Loss) on Ordinary Activity	5	<u>41</u>	<u>352</u>
Loss transferred to Reserves		(922)	(1,553)
Accumulated Losses brought forward		<u>(1,553)</u>	<u>-</u>
Deficit carried forward		<u>(2,475)</u>	<u>(1,553)</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

BALANCE SHEET AS AT 31 MARCH 1992

	Note	1992 £000	1991 £000
FIXED ASSETS			
Tangible Assets	6	20,168	18,839
CURRENT ASSETS			
Stocks	7	-	-
Debtors		2,437	865
		<u>2,444</u>	<u>865</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade Creditors		34	14
Amounts owed to Group Companies		24,433	20,505
Other Creditors including Taxation and Social Security	8	567	738
		<u>25,034</u>	<u>21,257</u>
NET CURRENT LIABILITIES		(22,590)	(20,392)
PROVISIONS FOR LIABILITIES AND CHARGES		(53)	-
NET LIABILITIES		(2,475)	(1,553)
CAPITAL AND RESERVES			
Called up Share Capital	9	-	-
Profit and Loss Account		(2,475)	(1,553)
		<u>(2,475)</u>	<u>(1,553)</u>

These financial statements were approved by the Board of Directors on 4 June 1992.
Signed on behalf of the Board of Directors

C P SEWELL-RUTTER

A T JURENKO

DIRECTOR

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Accounting Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of tangible fixed assets, as separately noted. In the opinion of the Directors, the modified historical cost basis is more relevant to the accounts of the Company.

(b) Turnover

Turnover consists of amounts falling due to the Company and its subsidiaries in respect of consultancy services, management fees and airport activities. It is stated net of value added tax.

(c) Tangible Fixed Assets

Gross cost of fixed assets is derived as follows:

Runways, buildings and services, furniture and fittings, plant and machinery	At depreciated replacement costs or valuation updated from appropriate indices.
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Land	At open market valuation by independent professional valuers.
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Costs of assets have been apportioned between categories based on professional valuations and adjusted for the expected remaining useful lives of the assets.

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

(d) Depreciation

Depreciation is calculated to write down assets to their residual values in equal annual instalments on the following bases:

	Asset Life Years
Runways	100
Airfield lighting	15
Permanent buildings	50
Semi-permanent buildings	15
Temporary buildings	5
Services	15-100
Furniture and fittings	5
Plant and machinery	5-40

No depreciation is provided on freehold land.

(e) Deferred Taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision is made at the appropriate rates for deferred taxation to the extent that it is considered the liability or asset will arise in the foreseeable future.

(f) Capitalisation of Interest

Interest on loans obtained to finance capital projects is capitalised. Once projects have been completed and are income producing, no further interest is capitalised.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value.

(h) Foreign Exchange

Assets, liabilities and transactions during the year denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any exchange differences are taken to the profit and loss account.

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

(I) Pension Costs

The BAA plc Pension Scheme is a defined benefit scheme which is self administered. The pension cost charged to the profit and loss account is such as to spread the cost of pensions over employees' working lives with the Company.

(J) Leases

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

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Neither the Chairman nor any other Director received remuneration from the Company during the year.

Employee costs during the year were:

	Year ended 31 March 1992 £000	12 October 1989 to 31 March 1991 £000
Wages and salaries	1,109	-
Social Security costs	85	-
Other pension costs	112	-
	<hr/> 1,306	<hr/> -

The average number of persons employed was 83 (1991 - nil).

3 PENSIONS

Employees of Airports UK Group companies are members of the BAA plc group schemes. Details of these schemes are disclosed in the accounts of the Ultimate Parent Company.

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

4 OPERATING COSTS

	Year ended 31 March 1992 £000	12 October 1989 to 31 March 1991 £000
Staff Costs	1,310	-
Other	772	133
	<u>2,082</u>	<u>133</u>
Depreciation of Tangible Fixed Assets	513	324
Asset Valuation Adjustment	511	828
	<u>3,106</u>	<u>1,285</u>
The above charges include:		
Management charge	118	55
Auditors' remuneration	3	3
Charitable donation	2	50

5 TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 March 1992 £000	12 October 1989 to 31 March 1991 £000
The taxation credit comprises:		
Group Relief Receivable	<u>41</u>	<u>352</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

6 FIXED ASSETS

	Land £000	Runways & Lighting £000	Buildings & Services £000	Furniture & Fittings £000	Plant & Machinery £000	Assets in course of Construction £000	Total £000
GROSS REPLACEMENT COST							
At 1 April 1991	12,552	5,960	5,403	120	3,684	303	28,022
Additions	-	1,132	222	-	371	540	2,265
Transfers from Other Group Companies	-	-	107	56	429	-	592
Disposals	-	(126)	(730)	-	(136)	-	(992)
Change in value during year	-	(640)	(286)	3	23	-	(900)
At 31 March 1992	12,552	6,326	4,716	179	4,371	843	28,987
DEPRECIATION							
At 1 April 1991	-	1,260	5,025	74	2,824	-	9,183
Transfers from Other Group Companies	-	-	96	54	353	-	503
Disposals	-	(126)	(730)	-	(135)	-	(991)
Change in value during year	-	(122)	(286)	2	17	-	(389)
Charge for the year	-	93	140	22	258	-	513
At 31 March 1992	-	1,105	4,245	152	3,317	-	8,819
VALUE TO THE BUSINESS							
At 31 March 1992	12,552	5,221	471	27	1,054	843	20,168
At 31 March 1991	12,552	4,700	378	46	860	303	18,839

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

6 FIXED ASSETS (continued)

Reconciliation between gross cost and historic cost

	31 March 1992 £ 000	31 March 1991 £000
Historic cost of assets	21,455	19,677
Revaluation deficit charged to profit and loss account	(1,287)	(838)
Value to the business	<u>20,168</u>	<u>18,839</u>

Independent valuations

The purchase price of Southampton Eastleigh Airport was allocated to assets according to valuations at 17 July 1990 prepared by the WT Partnership, Quantity Surveyors and Construction Consultants.

The WT Partnership also valued Runways and Lighting, Buildings and Services, Furniture and Fittings, and Plant and Machinery at current replacement cost on 31 March 1991 and 31 March 1992.

7 DEBTORS

	1992 £000	1991 £000
Trade Debtors	303	-
Amounts owed by Fellow Subsidiary Companies	1,951	837
Other Debtors	183	28
	<u>2,437</u>	<u>865</u>

8 OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1992 £	1991 £
This heading includes taxation and social security	<u>-</u>	<u>-</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992

9 CALLED UP SHARE CAPITAL

	1992	1991
	£	£
Authorised, allotted and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 ULTIMATE PARENT COMPANY

The Parent Company is Airports UK Limited, and the Ultimate Parent Company is BAA plc. Both the Parent Company and the Ultimate Parent Company are registered in England and Wales. The Company is included in the group accounts of Airports UK Limited and BAA plc.

Copies of the financial statements for these companies may be obtained from 130 Wilton Road, London, SW1V 1LQ.

11 CONTINGENT LIABILITY

The Company has a contingent liability of £1 million which will become payable on the successful completion of certain property transactions.

12 CAPITAL COMMITMENTS

The following contractual commitments have been made at 31 March 1992:

	£ 000
Contracted expenditure	895
Authorised but not committed	<u>17,381</u>
	<u>18,276</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

AIRPORTS ACT 1986

PERMISSION TO LEVY CHARGES

For the year ended 31 March 1992

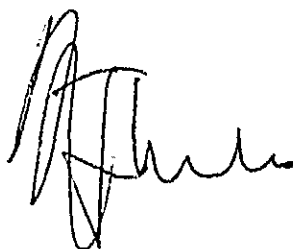
The following information is disclosed in accordance with the accounts conditions imposed under section 40(1)(a) of the Act.

Statement A:	Operational/Non-Operational Trading Results
Statement B:	Basis of Cost Allocation
Statement C:	Connected Party Transactions
Statement D:	Audit Report

The information in Statements A, B and C attached was approved by the Board of Directors on 4 June 1992.

C P SEWELL-RUTTER

A T JURENKO



)
DIRECTOR
)

AIRPORTS UK (SOUTHAMPTON) LIMITED

PERMISSION TO LEVY CHARGES

STATEMENT A

Conditions 3 and 4

For the year ended 31 March 1992

	Income £000	Expenditure £000	Profit before Tax and Interest £000
Operational Activities:			
Airport Charges	3,496	2,786	710
Other Operational Activities	1,253	301	952
Total Operational Activities	<u>4,749</u>	<u>3,087</u>	<u>1,662</u>
Non-Operational Activities	151	19	132
	<u>4,900</u>	<u>3,106</u>	<u>1,794</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

PERMISSION TO LEVY CHARGES

STATEMENT B

Broad Principles of Cost Allocation in Accordance with Conditions 2 and 3

For the Year Ended 31 March 1992

Costs have been allocated into the following categories:

Airport Charges

Other Operational Activities

Non-Operational Activities

Airport Charges comprise all activities in respect of which airport charges are levied. These are landing charges, passenger charges, aircraft parking charges and extension fees. All other activities are classified as Other Operational Activities except for the provision and operation of facilities for commercial advertising and non-aviation related property rentals.

All income and direct costs are directly allocated to each activity. Other support costs which cannot be directly attributed are allocated between activities as indirect charges of overheads on appropriate bases. These include:

Area Occupied

Staff Deployed

Direct Expenditure.

Total costs include Airports UK Limited and BAA plc costs related to airport operations. These costs are assessed according to their usage and are allocated to airports on that basis. Within the airport these costs are allocated to activities as overheads.

AIRPORTS UK (SOUTHAMPTON) LIMITED

PERMISSION TO LEVY CHARGES

STATEMENT C

Disclosure transactions in Accordance with Condition 1

For the Year Ended 31 March 1992

1 Intercompany Account

The airport company's funding is met by an intercompany account with BAA plc. Interest was charged on net borrowings at the beginning of the month at Barclays Bank base rate plus one percent. The interest rate prevailing on the intercompany account at 31 March 1992 was 11.5%. The maximum net borrowing was £24.4 million at 31 March 1992.

2 SkyCare Management Services Limited

The Company has a concessionaire, SkyCare Management Services Limited, which sells aviation fuel and provides aircraft handling services at Southampton Eastleigh Airport. This company is a fellow subsidiary of Airports UK Limited and pays a fee, currently £284,000 per annum, in respect of this concession.

3 Airport Redevelopment

The Technical Services Division of BAA plc provides services to the Company in respect of the redevelopment of Southampton Eastleigh Airport. During the year fees amounting to £380,874 were charged in respect of these services.

4 Other Transactions

There were no other material transactions which would require disclosure under Condition 1 of the accounts conditions.

AIRPORTS UK (SOUTHAMPTON) LIMITED

PERMISSION TO LEVY CHARGES

For the year ended 31 March 1992

STATEMENT D: AUDIT REPORT

AUDITORS' SPECIAL REPORT TO THE CIVIL AVIATION AUTHORITY ('CAA')

We have reviewed the financial information on pages 14 to 17 for which the Directors of Airports UK (Southampton) Limited are solely responsible.

In our opinion, the schedules A to C on pages 15 to 17 present fairly the information set forth therein and are in accordance with the requirements of the Accounts Conditions imposed by the CAA under Section 40(1)(a) of the Airports Act 1986.

Touke Ross c/o
Chartered Accountants
and Registered Auditor
Hill House
1 Little New Street
London
EC4A 3TR

4 June 1992