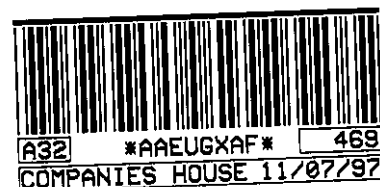


# **Southampton International Airport Limited**

Report and Financial Statements  
for the Year Ended 31 March 1997

Company Registration Number 2431858



# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 1997**

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# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

J C Kong  
C E Hobbs  
J R Bullen  
M S Hodgkinson  
J D Long

### **Secretary**

G M Williams Hamer

### **Registered Office**

130 Wilton Road  
London  
SW1V 1LQ

### **Auditors**

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
63 High Street  
Crawley  
West Sussex  
RH10 1BQ

### **Bankers**

Barclays Bank plc  
Belgravia and Knightsbridge Business Centre  
PO Box 4578  
155 Brompton Road  
London  
SW3 1XD

### **Solicitors**

Herbert Smith  
Exchange House  
Primrose Street  
London  
EC2A 2HS

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **REPORT OF THE DIRECTORS 1997**

The directors present their annual report and the audited financial statements for Southampton International Airport Limited ("the Company") for the year ended 31 March 1997 (the "year").

### **PRINCIPAL ACTIVITIES**

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

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

During the year passenger traffic increased by 7.8% to 559,100 passengers.

The Company's financial performance shows significant improvement in revenue but also an increase in costs arising from the new Terminal. Surveys of customer views on the quality of service provided at Southampton International Airport indicate a high level of satisfaction.

The challenge for the coming year is to develop the number of passengers using the existing routes and to introduce new destinations, airlines and tour operators to Southampton. A robust marketing strategy is being introduced so that Southampton International Airport can position itself as the main business airport for central southern England.

This is being done in conjunction with the airport's 'Flying Controls Agreement' with Eastleigh Borough Council and 'Good Neighbour' policy, further details of which will be published during 1997 in the Environmental and Community Report.

Ownership of the Company was transferred on 27 March 1997 from Airports UK Limited to BAA plc (the parent company) and the issued share capital was increased by £40,000,000 in consideration for reducing the Company's indebtedness to the parent company.

### **RESULTS AND DIVIDENDS**

Retained loss for the year amounted to £1,318,000 (1996 as restated, £2,109,000). The directors do not recommend the payment of a dividend. (1996 - £ nil). The company has adopted a change in accounting policy regarding the valuation of fixed assets as disclosed in note 2 of the financial statements.

### **BOARD OF DIRECTORS**

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

E G Lomas	Chairman (retired 30 March 1997)
P J Barlow	Managing Director (ceased 16 August 1996)
C E Hobbs	Managing Director (appointed 16 August 1996)
J R Bullen	Operations Director
M S Hodgkinson	Director
A J Mears	Finance Director (ceased 7 August 1996)
J D Long	Finance Director (appointed 7 August 1996)

J C Kong was appointed as Chairman on 1 April 1997.

## **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

### **DIRECTORS' INTERESTS**

The interests of the directors holding office at the end of the year in the ordinary shares of BAA plc are set out below:

Director	Shares		Share Options			
	1 April 1996 or on appointment	31 March 1997	1 April 1996 or on appointment	Granted during the year	Number of Options Exercised during the year	31 March 1997
C E Hobbs	12,132	16,137	33,385	1,760	3,936	31,209
J D Long	20,983	18,623	14,230	-	-	14,230
J R Bullen	368	4,168	18,033	880	7,968	10,945

The directors' interests of M S Hodgkinson are disclosed in the Report and Accounts of BAA plc, the Company's ultimate parent Company.

No director had any interests in the shares of the Company or any other subsidiary of BAA plc at any time during the year.

### **EMPLOYEES**

The Company has no direct employees. The staff are employed by BAA plc which is the Company's ultimate parent company.

### **PAYMENT PRACTICE**

The Company's policy is to follow the CBI "Prompt Payment - A Code of Good Practice" which is reproduced in the report and accounts of BAA plc. The Company's outstanding creditor days at the year end were 26.1 days (1996 - 22.4 days).

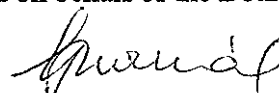
### **RE-APPOINTMENT OF AUDITORS**

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force, therefore the auditors, Deloitte & Touche will be deemed to have been re-appointed.

130 Wilton Road  
London  
SW1V 1LQ

6 June 1997

Approved by the Board of Directors  
and signed on behalf of the Board



G M Williams-Hamer  
Secretary

## **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing these 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

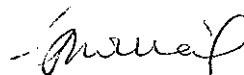
The directors are responsible for ensuring that the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The above statement should be read in conjunction with the statement of the auditors' responsibilities set out on page 5.

130 Wilton Road  
London  
SW1V 1LQ

6 June 1997

Approved by the Board of Directors  
and signed on behalf of the Board



G M Williams-Hamer  
Secretary

## **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 9 to 11.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 4, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

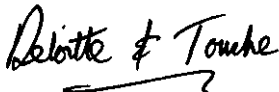
#### **BASIS OF OPINION**

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 mis-statement, 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 state of affairs of the company as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors  
63 High Street  
Crawley  
West Sussex  
RH10 1BQ

6 June 1997

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997**

	<b>Note</b>	<b>1997</b>	<b>1996 Restated (Note 2)</b>
		£000	£000
Revenue from continuing operations	1(b)	10,328	8,941
Operating costs from continuing operations	3	(9,687)	(8,640)
Operating profit from continuing operations		641	301
Net interest payable	4	(3,655)	(3,739)
Loss on ordinary activities before taxation		(3,014)	(3,438)
Tax credit on loss on ordinary activities	5	1,696	1,329
Loss for the financial year	10	(1,318)	(2,109)
Accumulated losses brought forward		(3,229)	(1,120)
Accumulated losses carried forward		<u>(4,547)</u>	<u>(3,229)</u>

The notes on pages 9 to 18 form part of these financial statements.



# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

<b>NOTE OF HISTORICAL COST PROFITS AND LOSSES</b>	<b>Note</b>	<b>1997</b>	<b>1996</b>
<b>Year ended 31 March 1997</b>		<b>£000</b>	<b>Restated £000</b>
Reported loss on ordinary activities before taxation		(3,014)	(3,438)
Realisation of property revaluation gains of previous years		-	-
		-----	-----
Historical cost loss on ordinary activities before taxation		<u>(3,014)</u>	<u>(3,438)</u>
Historical cost loss for the year retained after taxation		<u>(1,318)</u>	<u>(2,109)</u>

<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>	<b>Note</b>	<b>1997</b>	<b>1996</b>
<b>Year Ended 31 March 1997</b>		<b>£000</b>	<b>Restated £000</b>
Loss for the financial year	10	(1,318)	(2,109)
Unrealised revaluation (deficit)/surplus	10	(500)	5,195
		-----	-----
Total (losses)/gains relating to the year		<u>(1,818)</u>	<u>3,086</u>

<b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>Note</b>	<b>1997</b>	<b>1996</b>
<b>Year Ended 31 March 1997</b>		<b>£000</b>	<b>Restated £000</b>
Loss for the financial year	10	(1,318)	(2,109)
Other recognised (losses)/gains relating to the year	10	(500)	5,195
Issue of Share Capital	9	40,000	-
		-----	-----
Movement in shareholders' funds in the year		<u>38,182</u>	<u>3,086</u>
Opening shareholders' funds			
As previously stated		689	(3,265)
Prior period adjustment	2	1,277	2,145
		-----	-----
As restated		<u>1,966</u>	<u>(1,120)</u>
Closing shareholders' funds		<u>40,148</u>	<u>1,966</u>

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **BALANCE SHEET AT 31 MARCH 1997**

	Note	1997	1996 Restated (Note 2)
		£000	£000
Fixed assets			
Tangible assets	6	48,657	50,873
		-----	-----
Current assets			
Debtors	7	2,584	5,203
Creditors: amounts falling due within one year	8	11,093	54,110
		-----	-----
Net current liabilities		(8,509)	(48,907)
		-----	-----
Total assets less current liabilities		40,148	1,966
		-----	-----
Net Assets		40,148	1,966
		=====	=====
Capital and Reserves			
Called up share capital	9	40,000	-
Revaluation Reserve	10	4,695	5,195
Profit and loss account	10	(4,547)	(3,229)
		-----	-----
Total equity shareholders' funds		40,148	1,966
		=====	=====

The notes on pages 9 to 18 form part of these financial statements.

These financial statements were approved by the Board of Directors on 6 June 1997 and signed on behalf of the Board.

C E HOBBS



} Directors

J D LONG



# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **1. ACCOUNTING POLICIES**

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

#### **(a) Basis of Accounting**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, as noted separately. The basis on which other freehold properties, including terminal complexes, runways, infrastructure, plant, equipment and motor vehicles are valued has changed to historic cost from the previous basis of current replacement cost and the effect of this change on prior year results and the required adjustments to ensure comparability are detailed in note 2.

#### **(b) Revenue**

Revenue comprises the invoiced value of sales from airport activities and of property rentals due and agreed, net of value added tax.

#### **(c) Valuation of fixed assets**

##### **(i) Investment Properties**

Freestanding, fully completed properties let to and operated by third parties and held for long term retention, are accounted for as investment properties and valued at the balance sheet date at open market value. All investment properties are revalued annually and by external valuers at least every five years. Any surplus or deficit on revaluation is transferred to revaluation reserve except that deficits below original cost which are expected to be permanent are charged to the profit and loss account.

Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as exceptional items.

In accordance with SSAP No.19, Accounting for Investment Properties, no depreciation is provided in respect of freehold or long leasehold investment properties. This is a departure from the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

## **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

#### **(ii) Operational assets**

Terminal complexes, airfield assets, plant and equipment, fixtures and fittings and Group occupied properties are stated at historic cost less accumulated depreciation. This is a change from prior periods when these assets were accounted for based on replacement costs updated from appropriate government indices.

#### **(iii) Assets in the course of construction**

Assets in the course of construction are stated at historic cost and assume that projects in early planning stages will receive the consents necessary to achieve a successful outcome. Where appropriate, cost includes interest, own labour and associated overheads.

#### **(d) Depreciation**

Depreciation is provided on operational assets, other than land, to write off the cost of the assets by equal instalments over their expected useful lives as follows :-

Terminal Buildings, pier and satellite structures	50 years
Terminal fixtures and fittings	5 - 20 years
Airport plant and equipment including runway lighting and building plant	5 - 20 years
Tunnels, bridges and subways	50 years
Runways, taxiways and aprons	up to 100 years
Motor vehicles	4 - 8 years
Office equipment	5 - 10 years
Short leasehold properties	Over period of lease

Major periodic maintenance expenditure on runways, taxiways and aprons is charged to the profit and loss account as incurred.

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **(e) Capitalisation of interest**

Interest on long term loans obtained to finance capital projects is capitalised subject to valuation exceeding cost. Once projects have been completed and are income producing, no further interest is capitalised.

The policy on interest capitalised has been refined so that interest is now only capitalised once planning permission has been obtained and a firm decision to proceed has been taken.

### **(f) 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.

### **(g) Leases**

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

## **2. PRIOR PERIOD ADJUSTMENT**

The prior period adjustment represents the effect of a change in accounting policy for operational assets. The basis on which these assets are shown in the financial statements has changed from current or estimated replacement cost to historic cost in order to be consistent with the change in BAA plc group accounting policy.

The prior period adjustment gives rise to a cumulative increase to reserves of £1,277,000 in the accounts for the year ended 31 March 1996, of which an £868,000 reduction relates to the year ended 31 March 1996, a £426,000 reduction relates to the year end 31 March 1995 and an increase of £2,571,000 to the prior periods. The comparative figures for the year ended 31 March 1996 have been restated in accordance with the new policy, resulting in an increase in the loss on ordinary activities after taxation of £868,000 as previously reported.

If the previous policy had been followed, the effect on profit on ordinary activities after taxation for the year ended 31 March 1997 would not have been material.

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **3. OPERATING COSTS FROM CONTINUING OPERATIONS**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>Restated £000</b>
External charges:		
Staff costs	4,094	3,783
Property rent and rates	386	285
Other property costs	362	411
Maintenance expenditure	691	488
Retail expenditure	990	919
General expenses	1,753	1,428
Depreciation of fixed assets	1,407	1,305
Loss on disposal of fixed assets	4	21
	<u>9,687</u>	<u>8,640</u>
<b>External charges include</b>		
Auditors' remuneration	14	12
Hire charges for equipment	8	17
Charitable donations	2	2
	<u></u>	<u></u>
Directors' emoluments :		
Fees	-	-
Other emoluments	132	130
(excluding pension contributions and awards under share option schemes and other long-term incentive schemes)		
Awards	-	-
(other than shares and share options receivable during the year under long-term incentive schemes)	<u></u>	<u></u>

One director was also a director of BAA plc and their remuneration is paid by BAA plc and disclosed in its financial statements.

	<b>1997</b>	<b>1996</b>
	<b>No.</b>	<b>No.</b>
Number of Directors' who :		
- are members of a defined benefit pension scheme	5	5
- exercised share options	3	3
- have received awards during the year under long-term incentive schemes	0	0
	<u></u>	<u></u>

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **3. OPERATING COST FROM CONTINUING OPERATIONS (continued)**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Highest paid director's remuneration :		
Aggregate of emoluments and awards under long-term incentive schemes (excluding pension contributions, share options, gains and awards in the form of shares)	<u>46</u>	<u>75</u>

#### **Employee information**

The company has no employees. All staff costs are borne by BAA plc, which levies a management charge inclusive of staff costs as shown above. The average number of employees of BAA plc engaged in the operation of Southampton Airport during the year was 210 (1996 - 192). Other employee information is disclosed in the financial statements of BAA plc.

<b>4. NET INTEREST PAYABLE</b>	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Interest payable :- Group	(3,655)	(3,740)
Interest receivable :- External	-	1
Net Interest payable	<u>(3,655)</u>	<u>(3,739)</u>

### **5. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
United Kingdom corporation tax credit at 33% (1996 - 33%) based on loss for the year	1,308	1,329
Adjustment in respect of prior years	388	-
	<u>1,696</u>	<u>1,329</u>

The tax benefits of £1,696,000 (1996 - £1,329,000) arising from the losses incurred will be surrendered to a fellow subsidiary company in exchange for a payment of the same amount.

Tax losses exceed accounting losses in 1997, primarily due to the effect of timing differences of Southampton International Airport Limited for which no deferred taxation provision is required.

**SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

**6. TANGIBLE ASSETS**

	Runways & Lighting £'000	Buildings & Services £'000	Furniture & Fittings £'000	Plant and Equipment £'000	Land £'000	Assets in the course of construction £'000	Investment Properties £'000	Total £'000
<b>Cost or valuation</b>								
1 April 1996	9,191	10,880	728	11,695	13,714	996	7,000	54,204
Additions	49	55	2	155	-	-	-	261
AICC	-	-	-	151	-	(715)	-	(564)
Inter-Company transfers	-	-	-	5	-	-	-	5
Disposals	-	-	-	(31)	-	-	-	(31)
Change in value during year	-	-	-	-	-	-	(500)	(500)
31 March 1997	9,240	10,935	730	11,975	13,714	281	6,500	53,375
<b>Depreciation</b>								
1 April 1996	653	520	169	1,989	-	-	-	3,331
Disposals	-	-	-	(20)	-	-	-	(20)
Charge for the Year	123	219	143	922	-	-	-	1,407
31 March 1997	776	739	312	2,891	-	-	-	4,718
<b>Net book value</b>								
31 March 1997	8,464	10,196	418	9,084	13,714	281	6,500	48,657
31 March 1996	8,538	10,360	559	9,706	13,714	996	7,000	50,873

Investment properties are stated at valuation, all other asset categories are stated at their historic cost. The historic cost of the investment properties was £1,805k as at 31 March 1997 (1996 - £1,805k).



# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **6. TANGIBLE ASSETS (continued)**

#### **Valuation**

Investment properties were valued at £6.5m at open market value as at 31 March 1997 by Drivers Jonas, Chartered Surveyors. The valuation was prepared in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors taking account inter alia, of planning constraints and reflecting the demand for airport related uses. As a result of the valuation a deficit of £500,000 has been transferred to revaluation reserve.

Remaining freehold properties, runways, infrastructure, plant and equipment, office fittings, furniture, motor vehicles and miscellaneous equipment have been shown as at 31 March 1997 historic cost. This represents a departure from prior years when these assets were shown as a valuation on the basis of their current replacement cost. The effect of this change in accounting policy on prior years results and the required adjustments to ensure comparability are detailed in note 2.

#### **Fully depreciated assets**

Both the figures for cost and accumulated depreciation include £913k (1996 - £726k restated) in respect of fully depreciated assets still in use.

### **7. DEBTORS**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Due within one year:		
Trade debtors	893	854
Amount owed by subsidiary undertakings	-	2,638
Other debtors and prepayments	383	382
Group relief	1,308	1,329
	<u>2,584</u>	<u>5,203</u>

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft	225	242
Trade creditors	527	345
Amounts owed to parent company	9,806	51,229
Other creditors	535	2,294
	<u>11,093</u>	<u>54,110</u>

### **9. CALLED UP SHARE CAPITAL**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Authorised: 50,000,000 ordinary shares of £1 each (1996 : 100)	<u>50,000,000</u>	<u>100</u>
Called up, allotted and fully paid 40,000,002 ordinary shares of £1 each (1996 : 2)	<u>40,000,002</u>	<u>2</u>

The authorised share capital was increased to 50,000,000 shares of £1 each by resolution on 27 March 1997. On the same date 40,000,000 shares were issued in favour of the parent company in consideration for reducing the company's indebtedness.

# **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

### **10. RESERVES**

	<b>Revaluation Reserve</b>	<b>Profit and Loss Account</b>	<b>Total</b>
	£000	£000	£000
1 April 1996 as previously stated	5,195	(4,506)	689
Prior period adjustment (note 2)	-	1,277	1,277
	-----	-----	-----
1 April 1996 as restated	5,195	(3,229)	1,966
Loss for the year	-	(1,318)	(1,318)
Revaluation deficit	(500)	-	(500)
	-----	-----	-----
31 March 1997	<u>4,695</u>	<u>(4,547)</u>	<u>148</u>
Realised	-	(4,547)	(4,547)
Unrealised	4,695	-	4,695
	-----	-----	-----
	<u>4,695</u>	<u>(4,547)</u>	<u>148</u>

### **11. CAPITAL COMMITMENTS**

	<b>1997</b>	<b>1996</b>
	£000	£000
Contracted for but not provided	<u>316</u>	<u>-</u>

### **12. DEFERRED TAXATION**

In accordance with the accounting policy stated in Note 1 no provision for deferred taxation is required. The unprovided deferred tax liabilities, computed at the expected long term rate of 33% are as follows:

	<b>Provided</b>		<b>Unprovided</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	£000	£000	£000	£000
Excess of capital allowances over depreciation	-	-	3,727	3,459
Revaluation surplus on tangible assets	-	-	1,513	1,692
	-----	-----	-----	-----
	<u>-</u>	<u>-</u>	<u>5,240</u>	<u>5,151</u>

## **SOUTHAMPTON INTERNATIONAL AIRPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

#### **13. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted by paragraph 3c. of Financial Reporting Standard No.8 not to disclose related party transactions with BAA plc group companies.

#### **14. ULTIMATE PARENT COMPANY**

The parent company and controlling entity is BAA plc. The parent company is registered in England and Wales. The Company is included in the group accounts of BAA plc.

Copies of the financial statements of BAA plc may be obtained by writing to the Company Secretary at 130 Wilton Road, London SW1V 1LQ.