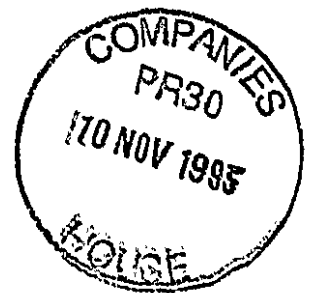
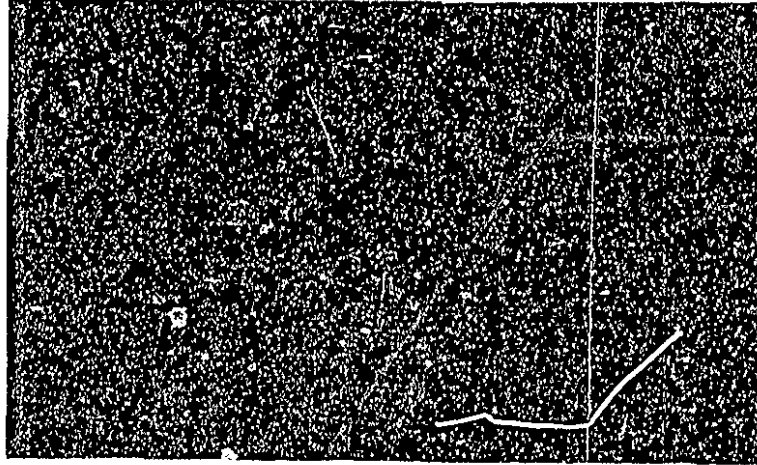
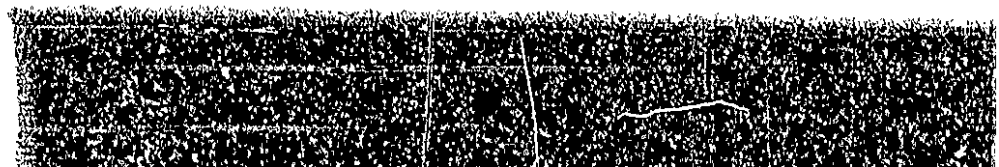


2431858



Airports UK

Airports UK Limited Masfield House Gatwick Airport West Sussex RH16 0H2
Telephone (0293) 562956 Telex 877995 BASMUK G Fax (0293) 562970



AIRPORTS UK (SOUTHAMPTON) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1993

Contents	Page
Officers and Professional Advisers	1
Directors' Report	2
Auditors' Report	4
Profit and Loss Account	5
Note of Historical Cost Profits and Losses	6
Balance Sheet	7
Notes to the Accounts	8

AIRPORTS UK (SOUTHAMPTON) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

A J Munds	Chairman
P J Barlow	Managing Director
M S Hodgkinson	
A J Mears	Finance 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

REPORT OF THE DIRECTORS 1993

The Directors present their annual report and the audited financial statements for the year ended 31 March 1993 (the "year").

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Redevelopment work at the airport continues and outline planning permission for the redevelopment of Southampton Eastleigh Airport was received from Eastleigh Borough Council in December. The Company will seek to expand further the route network as well as increasing frequencies on existing routes prior to the scheduled opening of the new terminal in Summer 1994.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £1,287,000 which has been transferred from 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 7 to the financial statements.

BOARD OF DIRECTORS

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

A J Munds	-	Chairman - appointed 21 December 1992
P J Barlow	-	Managing Director - appointed 15 June 1992
M S Hodgkinson	-	appointed 21 December 1992
A J Mears	-	Finance Director - appointed 21 December 1992
A H Hill	-	appointed 15 June 1992 - ceased 21 December 1992
A T Jurenko	-	ceased 15 June 1992
C P Sewell-Rutter	-	ceased 21 December 1992

DIRECTORS' INTERESTS

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

	SHARES		Shares under option			
	1 April 1992 (or date of appointment if later)	31 March 1993	1 April 1992 (or date of appointment if later)	Granted during the year (or since date of appointment)	Exercised during the year	31 March 1993
A J Munds	9,501	7,501	70,645	-	-	70,645
P J Barlow	1,127	7,236	22,981	1,212	10,083	14,110
M S Hodgkinson	4,500	4,500	102,080	-	-	102,080
A J Mears	2,142	2,142	13,372	-	-	13,372

No 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

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

Richard Rowson

Date: 4 June 1993

Mrs R Rowson
Secretary

AIRPORTS UK (SOUTHAMPTON) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the Company's state of affairs at 31 March 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co.
Chartered Accountants
and Registered Auditor
Hill House
1 Little New Street
London
EC4A 3TR

4 June 1993

AIRPORTS UK (SOUTHAMPTON) LTD

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1993

	Note	1993 £000	1992 £000
Turnover From Continuing Operations	1 (b)	4,437	4,900
Operating Costs From Continuing Operations	4	<u>(3,809)</u>	<u>(3,106)</u>
Profit before Interest and Taxation From Continuing Operations		628	1,794
Net Interest Payable	5	<u>(2,228)</u>	<u>(2,757)</u>
(Loss) on Ordinary Activities before Taxation		(1,600)	(963)
Tax Credit on (Loss) on Ordinary Activities	6	<u>313</u>	<u>41</u>
(Loss) transferred from Reserves		(1,287)	(922)
Accumulated Losses brought forward		<u>(2,475)</u>	<u>(1,553)</u>
Deficit carried forward		<u>(3,762)</u>	<u>(2,475)</u>

There are no recognised gains or losses and no movements in Shareholders' Funds other than the loss for both years.

AIRPORTS UK (SOUTHAMPTON) LTD

NOTES OF HISTORICAL COST PROFITS AND LOSSES

	1993 £000	1992 £000
Reported (Loss) On Ordinary Activities before Taxation	(1,600)	(963)
Realisation of Property Revaluation Losses	1,259	511
Difference between Historical Cost Depreciation and actual Depreciation charge for the period calculated on the revalued amount	(59)	(62)
Historical Cost (Loss) on Ordinary Activities before Taxation	<u>(400)</u>	<u>(514)</u>
Historical Cost (Loss) for the year after taxation	<u>(87)</u>	<u>(473)</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

BALANCE SHEET AS AT 31 MARCH 1993

	Note	1993 £000	1992 £000
FIXED ASSETS			
Tangible Assets	7	24,456	20,168
CURRENT ASSETS			
Stocks		7	7
Debtors	8	<u>2,206</u>	<u>2,437</u>
		2,213	2,444
CREDITORS: Amounts Falling Due Within One Year			
Bank Overdraft		1,062	-
Trade Creditors		240	34
Amounts owed to Group Companies		27,352	24,433
Other Creditors including Taxation and Social Security		<u>1,770</u>	<u>567</u>
		30,424	25,034
NET CURRENT (LIABILITIES)		(28,211)	(22,590)
Provisions for Liabilities and Charges	9	<u>(7)</u>	<u>(53)</u>
NET (LIABILITIES)		<u>(3,762)</u>	<u>(2,475)</u>
CAPITAL AND RESERVES			
Called Up Share Capital	10	-	-
Profit and Loss Account		<u>(3,762)</u>	<u>(2,475)</u>
		<u>(3,762)</u>	<u>(2,475)</u>

These financial statements were approved by the Board of Directors on 4 June 1993.
Signed on behalf of the Board of Directors.

A J Munds, Director



A J Mears, Director



AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1993

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards including FRS3 Reporting Financial Performance. 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 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.

Land

At open market valuation by independent professional valuers.

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 1993

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.

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1993

h) 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.

i) 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

Only one Director received remuneration from the Company during the year. This amounted to £39,000 (1992 £nil).

Employee costs during the year were:-

	1993 £000	1992 £000
Wages and salaries	1,350	1,109
Social Security Costs	108	85
Other Pension costs	<u>136</u>	<u>112</u>
	<u>1,594</u>	<u>1,306</u>

The average number of persons employed was 103 (1992 - 83).

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 1993

4 OPERATING COSTS FROM CONTINUING OPERATIONS

	1993 £000	1992 £000
Staff Costs	1,594	1,310
Other	<u>580</u>	<u>772</u>
	2,174	2,082
Depreciation of Tangible Fixed Assets	376	513
Asset Valuation Adjustment	<u>1,259</u>	<u>511</u>
	<u>3,809</u>	<u>3,106</u>
The above charges include:		
Management charge	56	118
Auditors' remuneration	5	3
Charitable donation	-	2

5 NET INTEREST (PAYABLE)

	1993 £000	1992 £000
Interest Receivable		
Group Companies	201	-
Other	1	-
	<u>202</u>	<u>-</u>
Interest Payable		
BAA plc	(2,600)	(2,818)
	<u>(2,398)</u>	<u>(2,818)</u>
Interest Capitalised	<u>170</u>	<u>61</u>
Net Interest (Payable)	<u>(2,228)</u>	<u>(2,757)</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1993

6 TAX CREDIT ON (LOSS) ON ORDINARY ACTIVITIES

	1993 £000	1992 £000
United Kingdom Corporation Tax at 33% (1992: 33%) based on the loss for the year.	<u>313</u>	<u>41</u>

The tax benefits of £313,000 (1992 - £41,000) arising from 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 1993 due to the effect of timing differences for which no deferred taxation provision is required.

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1993

7 FIXED ASSETS

	Land £000	Runways & Lighting £000	Buildings & Services £000	Plant & Equipment £000	Assets in course of Construction £000	Total
GROSS REPLACEMENT COST						
At 1 April 1992	12,552	6,326	4,716	4,550	843	28,987
Additions	-	663	700	1,931	2,629	5,923
Disposals	-	-	(726)	(1,550)	-	(2,276)
Change in value during year	-	(1,233)	(762)	(613)	-	(2,608)
At 31 March 1993	<u>12,552</u>	<u>5,756</u>	<u>3,928</u>	<u>4,318</u>	<u>3,472</u>	<u>30,026</u>
DEPRECIATION						
At 1 April 1992	-	1,105	4,245	3,469	-	8,819
Disposals	-	-	(726)	(1,550)	-	(2,276)
Change in value during year	-	(191)	(709)	(449)	-	(1,349)
Charge for the year	-	<u>94</u>	<u>19</u>	<u>263</u>	<u>-</u>	<u>376</u>
At 31 March 1993	<u>-</u>	<u>1,008</u>	<u>2,829</u>	<u>1,733</u>	<u>-</u>	<u>5,570</u>
VALUE TO THE BUSINESS						
At 31 March 1993	<u>12,552</u>	<u>4,748</u>	<u>1,099</u>	<u>2,585</u>	<u>3,472</u>	<u>24,456</u>
At 31 March 1992	<u>12,552</u>	<u>5,221</u>	<u>471</u>	<u>1,081</u>	<u>843</u>	<u>20,168</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1993

7 FIXED ASSETS (continued)

Reconciliation between gross cost and historic cost

	1993 £000	1992 £000
Historic cost of assets	26,943	21,455
Revaluation deficit charged to profit and loss account	<u>(2,487)</u>	<u>(1,287)</u>
Value to the business	<u>24,456</u>	<u>20,168</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 1992 and 31 March 1993.

8 DEBTORS

	1993 £000	1992 £000
Trade Debtors	277	303
Amounts owed by Fellow Subsidiary Companies	1,562	1,951
Other Debtors	<u>367</u>	<u>183</u>
	<u>2,206</u>	<u>2,437</u>

9 PROVISIONS FOR LIABILITIES AND CHARGES

	As at 1 April 1992 £000	Applied in year £000	As at 31 March 1993 £000
Major Maintenance Provision	<u>53</u>	<u>(46)</u>	<u>7</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1993

10 CALLED UP SHARE CAPITAL

	1993 £	1992 £
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and Fully Paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 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.

12 CAPITAL COMMITMENTS

The following contractual commitments have been made at 31 March 1993:

	1993 £000	1992 £000
Contracted expenditure	172	895
Authorised but not committed	<u>12,776</u>	<u>17,381</u>
	<u>12,948</u>	<u>18,276</u>

13 DEFERRED TAXATION

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

	1993 £000	1992 £000
Excess of capital allowances over depreciation	<u>1,581</u>	<u>1,653</u>

AIRPORTS UK (SOUTHAMPTON) LIMITED

AIRPORTS ACT 1986

PERMISSION TO LEVY CHARGES

For the year ended 31 March 1993

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 1993.



DIRECTOR



DIRECTOR

AIRPORTS UK (SOUTHAMPTON) LIMITED

PERMISSION TO LEVY CHARGES

STATEMENT A

Conditions 3 and 4

For the year ended 31 March 1993

	Income	Expenditure	Profit before Tax and Interest
	£000	£000	£000
Operational Activities:			
Airport Charges	3,359	3,299	60
Other Operational Activities	<u>979</u>	<u>503</u>	<u>476</u>
Total Operational Activities	4,338	3,802	536
Non-Operational Activities	<u>99</u>	<u>7</u>	<u>92</u>
	<u>4,437</u>	<u>3,809</u>	<u>628</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 1993

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 costs incurred by BAA plc. Those costs which are assessed according to usage are attributed to subsidiaries on that basis. The remaining BAA plc costs are allocated to subsidiaries proportionately on the basis of operating profit subject to a minimum charge of £100,000. Within the company these costs are allocated between activities as overheads. The basis of allocating costs charged by BAA plc has changed from that used in the previous year. If the current basis of allocation been adopted in the previous year the amount of corporate allocation would have increased from £127,000 to £360,000.

R

AIRPORTS UK (SOUTHAMPTON) LIMITED

PERMISSION TO LEVY CHARGES

STATEMENT C

Disclosure transactions in accordance with Condition 1

For the Year ended 31 March 1993

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 1993 was 7.5%. The maximum net borrowing was £27.4 million at 31 March 1993.

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 £294,000 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 £239,000 were charged in respect of these services.

4 BAA plc Costs

The company is charged by BAA plc £262,000 for services supplied in carrying out the company's business. This charge includes those costs which are assessed according to usage and are attributed to subsidiaries on that basis. The remaining BAA plc costs cannot be separately attributed on a usage basis because of the nature of the services supplied and have therefore been allocated proportionately on the basis of operating profit subject to a minimum charge of £100,000.

5 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 1993

STATEMENT D: AUDIT REPORT

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

We have reviewed the financial information on pages 16 to 19 for which the Directors of Airports UK (Southampton) Limited are solely responsible.

In our opinion, the Schedules A to C on pages 17 to 19 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.



Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

4 June 1993