

Company Registration No. 2881745 (England & Wales)

LONDON SOUTHEAST AIRPORT COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999



LONDON SOUTHEND AIRPORT COMPANY LIMITED

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LONDON SOUTHEND AIRPORT COMPANY LIMITED

COMPANY INFORMATION

Directors	A R Walters M R P Hayles
Secretary	Mawlaw Secretaries Limited
Company number	2881745
Registered office	20 Black Friars Lane London EC4V 6HD
Auditors	Smith & Williamson Chartered Accountants Old Library Chambers 21 Chipper Lane Salisbury Wiltshire SP1 1BG
Bankers	The Royal Bank of Scotland plc London Threadneedle Street 62/63 Threadneedle London EC2R 8LA
Solicitors	Rowe & Maw 20 Black Friars Lane London EC4V 6HD

LONDON SOUTHEND AIRPORT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report with the audited financial statements of the company for the year ended 31 March 1999.

Principal activities and review of the business

The principal activity of the company in the year under review continued to be that of operating and managing an airport.

The directors are pleased to report further steady progress in the redevelopment of London Southend Airport as a regional commercial airport for London. In the year to 31 March 1999, turnover increased by 6.7% to £3,192,343 (1998 - £2,990,908). All main areas of the business showed a healthy increase and fuel sales volumes increased although revenue declined in line with the decline in world fuel prices.

Aircraft related income was up 15% as a result of increased commercial fixed wing income and aircraft parking and the income from the Air Show and Open Day increased 94% as the event has become more established and public attendances increase.

Property incomes have increased 8% and all hangar and office capacity on the airport is now fully let.

Operating margins increased from 66.0% to 67.5% and contributed to a substantial advance in operating profits to £51,930 (1998 - £3,306) and a 300% increase in profit on ordinary activities before taxation to £75,059 (1998 - £24,602).

That the airport continues to operate safely and without disruption is a tribute to all of the management and staff at the airport and the directors would like to extend their thanks to each and every one of them for another year of steady progress. The Facilities Management Agreement with Serco Aviation Services Limited continues to operate successfully and has been renewed.

The airport plays an active role in seeking inward investment and promoting economic success and employment for the local community and the directors value the good relations with the local residents. They are optimistic that their steady progress can and will be continued in the forthcoming year.

Since the year end, final planning consent has been granted for the development of a railway station and a new passenger terminal at the airport and a detailed planning application is now being processed.

Results and dividends

The results for the year are set out on pages 4 to 5.

The directors do not propose the payment of a dividend (1998: £nil).

The profit for the year of £41,057 will be transferred to reserves.

Implementation of the euro

The company has implemented systems that allow invoices to be settled using the euro currency. Currently, it is not felt that the issue will impact materially on the company's operations.

Year 2000 compliance

The directors have identified the key risks to the business and have developed a plan to minimise their impact. They have considered not only the company's own systems but also those of their major suppliers and customers. Although no organisation can guarantee that no year 2000 problems will arise, they believe that, having identified and removed the major risks to the business in accordance with the plan they have developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

The total cost of modifications to the computer and other systems is estimated at £25,000 of which £12,561 is for new equipment which was capitalised in the financial statements in the year to 31 March 1998. The remainder will be expensed as incurred in the year to 31 March 2000.

LONDON SOUTHEND AIRPORT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

Directors

The following directors have held office since 1 April 1998:

A R Walters
M R P Hayles

Directors' interests

	ordinary shares of £1 each	
	31 March 1999	1 April 1998
A R Walters	-	-
M R P Hayles	-	-

Neither director had any beneficial interest in the issued share capital of the company during the current or previous year.

The shareholdings of the directors in Regional Airports Limited, the holding company, are disclosed in that company's financial statements.

Auditors

Smith & Williamson have indicated their willingness to continue in office, in accordance with section 385 of the Companies Act 1985.

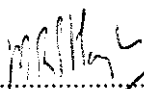
Directors' responsibilities

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 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;
- 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 to 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.

By order of the Board:


.....
M R P Hayles
Director

3/11/99
.....

LONDON SOUTHEND AIRPORT COMPANY LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF LONDON SOUTHEND AIRPORT COMPANY LIMITED

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on page 9.

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.

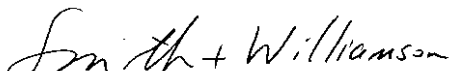
Basis of opinion

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.

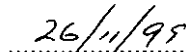
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 state of the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Smith & Williamson


.....

Chartered Accountants
Registered Auditors

Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

LONDON SOUTHEND AIRPORT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
Turnover	2	3,192,343	2,990,908
Cost of sales		(1,036,942)	(1,017,955)
Gross profit		2,155,401	1,972,953
Administrative expenses		(2,103,471)	(1,969,647)
Operating profit	3	51,930	3,306
Other interest receivable and similar income	4	23,135	21,296
Interest payable and similar charges	5	(6)	-
Profit on ordinary activities before taxation		75,059	24,602
Tax on profit on ordinary activities	6	(34,002)	5,013
Profit on ordinary activities after taxation	16	41,057	29,615

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

LONDON SOUTHEND AIRPORT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

Note of historical cost profits and losses

	1999	1998
	£	£
Reported profit on ordinary activities before taxation	75,059	24,602
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	61,449	61,449
Historical cost profit on ordinary activities before taxation	<u>136,508</u>	<u>86,051</u>
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	<u>102,506</u>	<u>91,064</u>

LONDON SOUTHEND AIRPORT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	7	1,562,039		1,616,293	
Investments	8		1		1
			<u>1,562,040</u>		<u>1,616,294</u>
Current assets					
Stocks	9	76,798		33,895	
Debtors	10	689,444		698,356	
Cash at bank and in hand		496,724		387,874	
		<u>1,262,966</u>		<u>1,120,125</u>	
Creditors: amounts falling due within one year	11	(993,315)		(965,686)	
Net current assets			<u>269,651</u>		<u>154,439</u>
Total assets less current liabilities			<u>1,831,691</u>		<u>1,770,733</u>
Creditors: amounts falling due after more than one year	12	(430,705)		(405,000)	
Provisions for liabilities and charges	13	(42,945)		(34,309)	
Accruals and deferred income	14	(694,767)		(709,207)	
			<u>663,274</u>		<u>622,217</u>
Capital and reserves					
Called up share capital	15	30,000		30,000	
Revaluation reserve	16	349,918		411,367	
Profit and loss account	16	283,356		180,850	
Shareholders' funds - equity interests	17		<u>663,274</u>		<u>622,217</u>

The financial statements were approved by the Board on 3/11/99.

.....
A R Walters
Director

LONDON SOUTHEND AIRPORT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

	1999 £	1998 £
Net cash inflow from operating activities	236,358	174,320
Returns on investments and servicing of finance		
Interest received	23,135	21,296
Interest paid	(6)	-
Net cash inflow from returns on investments and servicing of finance	23,129	21,296
Taxation	(4,256)	(4,659)
Capital expenditure		
Payments to acquire tangible assets	(84,318)	(226,374)
Net cash outflow from capital expenditure	(84,318)	(226,374)
Net cash inflow/(outflow) before financing	170,913	(35,417)
Financing		
Grants received	116,391	263,179
Release of deferred grant	(128,168)	(135,495)
Capital element of hire purchase contracts	(4,105)	-
Net cash (outflow)/inflow from financing	(15,882)	127,684
Increase in cash in the year	155,031	92,267

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999		1998	
		£		£	
	Operating profit	51,930		3,306	
	Depreciation of tangible assets	179,619		125,206	
	(Increase)/decrease in stocks	(42,903)		3,898	
	Decrease/(increase) in debtors	3,074		(132,562)	
	Increase in creditors	44,638		174,472	
	Net cash inflow from operating activities	236,358		174,320	
2	Analysis of net debt	1 April 1998	Cash flow	Other non-	31 March 1999
				cash changes	
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	387,874	108,850		496,724
	Bank loans and overdrafts	(121,405)	46,181		(75,224)
		<u>266,469</u>	<u>155,031</u>		<u>421,500</u>
	Debt:				
	Finance leases	-	4,105	(41,047)	(36,942)
	Debts falling due after one year	(405,000)	-	-	(405,000)
		<u>(405,000)</u>	<u>4,105</u>	<u>(41,047)</u>	<u>(441,942)</u>
	Net debt	(138,531)	159,136	(41,047)	(20,442)
3	Reconciliation of net cash flow to movement in net debt	1999		1998	
		£		£	
	Increase in cash in the year	155,031		92,267	
	Cash inflow from increase in debt and lease financing	4,105		-	
	New finance leases	(41,047)		-	
	Movement in net debt in the year	118,089		92,267	
	Opening net debt	(138,531)		(230,798)	
	Closing net debt	(20,442)		(138,531)	

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

1.2 Turnover

Turnover represents invoiced sales from airport activities and of property rentals due, excluding value added tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Tenant's improvements	5% straight line
Long leasehold property	10% straight line
Plant and machinery	6.67% - 20% straight line
Fixtures and fittings	10% - 20% straight line
Motor vehicles	20% straight line

1.4 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease period.

1.5 Investments

Fixed asset investments are stated at cost less provision for any diminution in value.

1.6 Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Deferred grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. Exemption has been claimed from preparing group accounts on the grounds that the group qualifies as a medium-sized group.

LONDON SOUTHEAST AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	1999 £	1998 £
	The operating profit is stated after charging:		
	Depreciation of tangible assets	179,619	167,840
	Hire of plant and machinery	13,662	20,132
	Operating lease rentals - land and buildings	63,816	57,284
	Auditors' remuneration	6,200	6,000
	Remuneration of auditors for non-audit work	1,460	2,890
	and after crediting:		
	Rents receivable	(626,109)	(581,946)
	Release of deferred grants	(43,797)	(42,634)
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1999 £	1998 £
	Bank interest	23,135	21,296
		<u> </u>	<u> </u>
5	Interest payable	1999 £	1998 £
	On overdue corporation tax	6	-
		<u> </u>	<u> </u>
6	Taxation	1999 £	1998 £
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998- 21%)	26,050	12,662
	Deferred taxation	8,636	(17,806)
		<u> </u>	<u> </u>
		34,686	(5,144)
	Prior years		
	U.K. corporation tax	(684)	131
		<u> </u>	<u> </u>
		34,002	(5,013)
		<u> </u>	<u> </u>

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

7 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 1998	906,619	956,290	260,444	10,300	2,133,653
Additions	32,021	47,464	45,880	-	125,365
At 31 March 1999	938,640	1,003,754	306,324	10,300	2,259,018
Depreciation					
At 1 April 1998	127,163	300,571	82,938	6,688	517,360
Charge for the year	45,067	90,646	41,846	2,060	179,619
At 31 March 1999	172,230	391,217	124,784	8,748	696,979
Net book values					
At 31 March 1999	766,410	612,537	181,540	1,552	1,562,039
At 31 March 1998	779,456	655,719	177,506	3,612	1,616,293

Freehold land at a cost of £20,000 included within land and buildings is not depreciated.

Tenant's improvements included within land and buildings at a cost of £905,949 are funded by grants from Southend Borough Council. The improvements and the grants are being written off over twenty years in accordance with SSAP 4.

The fixed assets, excluding tenant's improvements, freehold land and long leasehold property, were revalued on 23 November 1994 by Chestertons plc, International Property Consultants. The revaluation of £1,020,950 on an existing use value basis created a revaluation reserve of £623,147.

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

	Plant and machinery	Fixtures and fittings	Total
	£	£	£
Net book values			
At 31 March 1999	30,277	10,680	40,957
At 31 March 1998	-	-	-
Depreciation charge for the year			
31 March 1999	-	90	90
31 March 1998	-	-	-

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

7 Tangible fixed assets (continued)

Comparable historic cost for the assets included at valuation:

	£
Historic cost	
At 1 April 1998	618,654
Additions	93,344
At 31 March 1999	711,998
Depreciation based on cost	
At 1 April 1998	179,131
Charge for the year	73,103
At 31 March 1999	252,234
Net book values	
At 31 March 1999	459,764
At 31 March 1998	439,523

8 Fixed asset investments

Shares in
subsidiary
undertakings
£

Cost or valuation

At 1 April 1998 and at 31 March 1999	1
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Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
London Express Airport Limited	England & Wales	Ordinary £1 shares	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
London Express Airport Limited	1	-

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

9 Stocks	1999 £	1998 £
Raw materials and consumables	2,042	3,670
Finished goods and goods for resale	74,756	30,225
	<u>76,798</u>	<u>33,895</u>
10 Debtors	1999 £	1998 £
Trade debtors	411,895	413,300
Amounts owed by minority shareholders	118,701	65,529
Amounts owed by fellow subsidiary undertaking	-	1,527
Corporation tax recoverable	-	3,026
Payment for surrender of group relief	-	2,812
Other debtors	37,198	90,806
Prepayments and accrued income	121,650	121,356
	<u>689,444</u>	<u>698,356</u>
11 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	75,224	121,405
Net obligations under finance lease and hire purchase contracts	11,237	-
Trade creditors	253,640	230,730
Amounts owed to parent undertaking	6,506	9,575
Amounts owed to fellow subsidiary undertaking	2,500	-
Corporation tax	27,934	12,662
Deferred grants	45,297	42,634
Other creditors	281,444	184,185
Accruals and deferred income	289,533	364,495
	<u>993,315</u>	<u>965,686</u>

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

12 Creditors: amounts falling due after more than one year	1999 £	1998 £
Debenture loans	405,000	405,000
Net obligations under finance leases and hire purchase contracts	25,705	-
	<u>430,705</u>	<u>405,000</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments:		
Debenture loans	405,000	405,000
	<u>405,000</u>	<u>405,000</u>
Loan maturity analysis		
In five years or more	<u>405,000</u>	<u>405,000</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	13,660	-
Repayable between one and five years	28,234	-
	<u>41,894</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(4,952)	-
	<u>36,942</u>	<u>-</u>
Included in liabilities falling due within one year	(11,237)	-
	<u>25,705</u>	<u>-</u>

Under a deed of assignment dated 12 December 1996 between London Southend Airport Company Limited, Southend Borough Council and Regional Airports Limited, Southend Borough Council assigned to Regional Airports Limited all rights both present and future in respect of the debenture obligations for the consideration of £1. Under a deed of variation dated 12 December 1996 between London Southend Airport Company Limited and Regional Airports Limited, the due date for repayment of the principal amount outstanding shall be 31 March 2144.

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

13 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 April 1998	34,309
Profit and loss account	8,636
	<u>42,945</u>
Balance at 31 March 1999	<u>42,945</u>

Deferred tax is provided at 20% (1998- 21%) analysed over the following timing differences:

	1999 £	Not provided 1998 £	1999 £	Provided 1998 £
Accelerated capital allowances	<u>69,984</u>	<u>92,300</u>	<u>42,945</u>	<u>34,309</u>

14 Accruals and deferred income

	Deferred grants £
Balance at 1 April 1998	751,841
Grants received during the year	116,391
Grants released during the year	(128,168)
Included within current liabilities	(45,297)
	<u>694,767</u>
Balance at 31 March 1999	<u>694,767</u>

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments. The amount of the grant to be released after five years is £513,577.

15 Share capital

	1999 £	1998 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
30,000 ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

16 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 April 1998	411,367	180,850
Retained profit for the year	-	41,057
Transfer from revaluation reserve to profit and loss account	(61,449)	61,449
Balance at 31 March 1999	<u>349,918</u>	<u>283,356</u>

17 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	41,057	29,615
Opening shareholders' funds	<u>622,217</u>	<u>592,602</u>
Closing shareholders' funds	<u>663,274</u>	<u>622,217</u>

18 Contingent liabilities

Regional Airports Limited has entered into a covenant with Air BP Limited who, on payment of £1 to Regional Airports Limited, have agreed to grant certain credit facilities to London Southend Airport Company Limited under a cross guarantee. The maximum liability shall not exceed £105,000 including VAT.

19 Financial commitments

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1999 £	1998 £
Expiry date:		
In over five years	<u>50,035</u>	<u>48,977</u>

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

20 Capital commitments	1999	1998
	£	£

At 31 March 1999 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	29,120	4,301
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As at 31 March 1998, the company had retentions outstanding in connection with the runway resurfacing works of £4,301. These remain outstanding at 31 March 1999. In addition, the company ordered a motor vehicle at a cost of £24,819 prior to the year end which is to be paid under a hire purchase contract which has not been provided in the financial statements.

21 Directors' emoluments	1999	1998
	£	£

Emoluments for qualifying services	3,000	3,000
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22 Transactions with directors

A R Walters is a director of Stanton Hope Limited. Invoices raised by this company to London Southend Airport Company Limited during the year totalled £33.

M R P Hayles is a director of Heavylift Aircraft Engineering Limited, a company which holds a 10% shareholding in London Southend Airport Company Limited. Invoices raised to this company during the year by London Southend Airport Company Limited totalling £540,146 (including a closing debtor of £65,974) were dealt with on an arms-length basis.

N H Finney, a director of Regional Airports Limited, is a partner in The Waterfront Partnership. Invoices raised to London Southend Airport Company Limited by this company during the year totalling £6,008 (including a closing creditor of £588) were dealt with on an arms-length basis.

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999	1998
	Number	Number
Directors	2	2

Employment costs

	£	£
Wages and salaries	3,000	3,000

The airport staff were provided through a facilities management agreement with Serco-IAL Limited. The average number of staff employed through this agreement in the year was 49 (1998: 47).

LONDON SOUTHEND AIRPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

24 Control

The ultimate holding company is Regional Airports Limited, a company registered in England & Wales.

There is no ultimate controlling party although A R Walters has a 50% shareholding in Regional Airports Limited. A R Walters is a director of both London Southend Airport Company Limited and Regional Airports Limited.

25 Related party transactions

During the year, the company had the following transactions with Regional Airports Limited:

- invoices net of VAT in respect of management charges incurred totalled £83,472;
- invoices net of VAT reimbursed by Regional Airports Limited for goods and services totalled £33,646.

The trading balance due to Regional Airports Limited at the year end is disclosed in note 11 to the financial statements.

During the year, the company had the following transactions with Biggin Hill Airport Limited, a group company:

- invoices net of VAT in respect of goods and services totalled £3,209;
- invoices net of VAT reimbursed by Biggin Hill Airport Limited in respect of goods and services totalled £8,936.

The balance due to Biggin Hill Airport Limited at the year end is disclosed in note 11 to the financial statements.

Transactions with World Aviation Support Limited, who have a 10% shareholding in the company, during the year totalling £186,021 (including a closing net debtor of £52,727) were dealt with on an arms-length basis.