

Annex D – Stansted Airport’s Public Interest and Accounts

CONDITIONS AS TO ACCOUNTS IMPOSED IN RELATION TO STANSTED AIRPORT AIRPORT IN ACCORDANCE WITH SECTION 40(1)(a) OF THE AIRPORTS ACT 1986

Interpretation

- 1 (1) For the purposes of these conditions and of the Schedule hereto:
- (a) 'accounting reference period' has the meaning given by sections 224 to 226 of the Companies Act 1985;
- 'accounts of the airport operator' means accounts delivered to the registrar of companies in accordance with the Companies Act 1985;
- 'airport operator' means the person for the time being having the management of Stansted airport;
- 'auditors' means the auditors appointed by the airport operator in accordance with section 384 of the Companies Act 1985.
- (b) the value of any asset or other thing shall be taken to be:
- (i) the value attributed to that asset or other thing in the accounting records kept by the person transferring the asset or giving the thing; or
- (ii) where that value is unknown or is unascertainable by the airport operator,
- (aa) the value of the asset or thing assessed by the auditors, or
- (bb) where the auditors consider it reasonable for a valuation of the asset or thing to be made, or for them to accept a valuation made, by another person who appears to them to have the requisite knowledge and experience to carry out the valuation, the value of the asset or thing assessed by that other person;

- (c) any question whether a person is connected with another person shall be determined as, for the purposes of the Income and Corporation Taxes Act 1970, it falls to be determined under section 533(5) to (7) of that Act;
 - (d) all forms of property shall be assets, whether situated in the United Kingdom or not, including:
 - (i) options, debts and incorporeal property generally, and
 - (ii) any currency including sterling, and
 - (iii) any form of property created by the person disposing of it; and
 - (e) references to a transfer of an asset include references to a part transfer of an asset, and there is a part transfer of an asset where an interest or right over the asset is created by the transfer, as well as where it subsists before the transfer, and generally, there is a part transfer of an asset where, on a person making a transfer, any description of property derived from the asset remains untransferred.
- (2) Other expressions used in these conditions shall, unless the context otherwise requires, have the same meaning as in the Airports Act 1986.
- (3) Any requirement of these conditions that the accounts of the airport operator shall disclose information shall be satisfied if that information is disclosed in a schedule to the accounts signed on behalf of the board by two directors of the airport operator.
- 2 These conditions shall apply to accounts of the airport operator prepared in respect of each accounting reference period ending after 1 April 1988.

CONDITION 1

- 1 Subject to paragraph 2, the accounts of the airport operator shall disclose, in relation to each transaction of a description specified in the first column of the Schedule hereto which took place during the accounting reference period to which the accounts relate, the person or authority who was a party to the transaction with the airport operator and the information specified in relation to that transaction in the second column of that schedule.

- 2 (1) Any amount required to be disclosed in relation to transactions specified in paragraphs 4, 5, 6, 7, 8, 10, 11 and 12 of the Schedule may be aggregated with any other such amounts arising from such transactions with the same person or authority.
- (2) Nothing in paragraph 1 shall require the disclosure of any information:
 - (a) if the aggregate of any amounts required to be disclosed in accordance with paragraphs 4, 5, 6, 7, 8, 10, 11 and 12 of the Schedule arising from transactions with the same person or authority, is not material to the business as a whole; or
 - (b) relating to a transaction wholly unconnected with the business of the airport operator consisting of the carrying on of operational activities at Stansted airport.
- 3 The accounts of the airport operator shall disclose:
 - (a) particulars of any special circumstances which reduce the liability of the airport operator in respect of taxation during the accounting reference period to which the accounts relate or the liability in respect of taxation during succeeding accounting reference periods, and such particulars shall include the identity of any person or authority contributing to the reduction of that liability and the terms on which such contribution is made; and
 - (b) any benefit received by the airport operator in consideration of the airport operator having contributed to the reduction of such liabilities of any other person as are referred to in subparagraph (a) above and the identity of that person.

CONDITION 2

- 1 The accounts of the airport operator shall disclose the broad principles on which costs of the airport operator have, in respect of the accounting reference period to which the accounts relate, been allocated between the business carried on by it so far as consisting of the carrying on of operational activities relating to Stansted airport and any other activities carried on by it.

- 2 Where the aggregate expenditure of the airport operator attributable to the carrying on of operational activities relating to Stansted airport during the accounting reference period to which the accounts relate exceeds the aggregate income attributable to such activities, the accounts of the airport operator shall disclose the amount, if any, by which the aggregate income of the airport operator attributable to any other activities carried on by it exceeds the aggregate expenditure attributable to such activities.

CONDITION 3

- 1 The accounts of the airport operator shall disclose the broad principles on which costs of the airport operator have, in respect of the accounting reference period to which the accounts relate, been allocated between the activities in respect of which airport charges were levied at Stansted airport during that period and any other operational activities relating to that airport carried on by it.
- 2 The accounts of the airport operator shall disclose the aggregate income and expenditure of the airport operator attributable to activities in respect of which airport charges were levied at Stansted airport during the accounting reference period to which the accounts relate.

CONDITION 4

The accounts of the airport operator shall disclose the aggregate income and expenditure of the airport operator during the accounting reference period to which the accounts relate, attributable to operational activities relating to Stansted airport (whether carried on by the airport operator or any other person).

CONDITION 5

- 1 The airport operator shall require its auditors to carry out an independent examination for the purpose of making a special report to the CAA as to whether, in the opinion of the auditors, the accounts of the airport operator comply with the requirements of the foregoing conditions.
- 2 The auditors' special report shall state:
 - (a) whether the auditors have conducted an independent examination of the accounting records of the airport operator and of such other documents and information which the auditors consider necessary for them to form an opinion for the purposes of making the special report;

- (b) whether, in the opinion of the auditors, the accounts of the airport operator comply with the requirements of the foregoing conditions which are in force in relation to Stansted airport by virtue of the Airports Act 1986.
- 3 If the auditors are of the opinion that proper accounting records have not been kept or if the auditors have failed to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of making the special report, they shall state that fact or facts in their report.
- 4 If the auditors are of the opinion that the accounts of the airport operator do not comply with the requirements of the foregoing conditions which are in force in relation to Stansted airport by virtue of the Airports Act 1986 they shall state particulars of the way in which, in their opinion, the accounts do not so comply.
- 5 If the auditors have, for the purposes of the foregoing conditions which are in relation to Stansted airport, made a valuation of any asset or other thing, they shall state in their report the method used to value that asset or thing or, if the valuation has been made by another person, they shall state in their report the name of that person, the knowledge and experience he has to carry out the valuation and the method used by him to carry out the valuation.
- 6 The airport operator shall submit the special report to the CAA at the time that the accounts are delivered to the registrar of companies in accordance with the Companies Act 1985.

SCHEDULE

	Column 1		Column 2
1	Any borrowings or sums raised by the airport operator in any currency from any person connected with the airport operator.	1	The principal of the amount borrowed or raised, the date on which or the dates between which repayment is to be made and the rate of interest payable.
2	Any borrowings or sums raised by the airport operator in any currency from any public or local authority or from any institution of the European Economic Community.	2	The principal of the amount borrowed or raised, the date on which or the dates between which repayment is to be made and the rate of interest payable.
3	The guaranteeing or giving of any other form of security by any person or authority for the repayment of the principal of, or the payment of interest on, any sums borrowed or raised by the airport operator in any currency.	3	The form of the guarantee or other security given, the principal of the sums borrowed or raised, the date on which or the dates between which repayment is to be made and the rate of interest payable.
4	The making of any grant to the airport operator.	4	The amount of the grant.
5	The transfer of any asset to the airport operator by a person connected with the airport operator for a consideration which is less than the value of the asset.	5	The amount by which the consideration for the transfer is less than the value of the asset.
6	The transfer of any asset to the airport operator by a person connected with the airport operator for which no consideration is given.	6	The value of the asset.

7 The transfer of any asset by the airport operator to a person connected with the airport operator for a consideration which is more than the value of the asset.

8 Any two transactions each involving the transfer of an asset to the airport operator by the same person, being a person connected with the airport operator, taking place within a period of 5 years, where the consideration given in respect of each of the transactions is less than would have been given had the transactions been effected as a single transaction.

9 The supply of any service to the airport operator by a person connected with the airport operator either:

(a) where that service has been supplied for a consideration which is less than the cost attributed to the supply of that service in the accounting records kept by the person supplying the service;
or

(b) where the cost attributed to the supply of the service in the accounting records of the person supplying it is unknown or

7 The amount by which the consideration for the transfer is more than the value of the asset.

8 The amount by which the aggregate consideration for the two transactions is less than the consideration which would have been given had the transactions been effected as a single transaction.

9 In either case, the nature of the service supplied, the terms of which it was supplied and the total charge made for the service and, in any case where the cost attributed to the supply of the service in the accounting records of the person supplying it is unknown or unascertainable by the airport operator, the fact that it is unknown or unascertainable.

unascertainable by
the airport operator.

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| 10 | The omission by any person connected with the airport operator to exercise a right as a result of which the value of the assets less liabilities ('net assets') of the airport operator is increased. | 10 | The person omitting to exercise the right and the amount by which the value of the net assets of the airport is increased. |
| 11 | The waiver by any person connected with the airport operator of any consideration, remuneration or other payment owed by the airport operator. | 11 | The person making the waiver and the amount of the consideration, remuneration or payment waived. |
| 12 | Any other transaction, not falling within paragraphs 1 to 11, to which the airport operator and any person connected with the airport operator are parties and which is material to the business as a whole if the value of the consideration given by the airport operator is less than the value of the thing in respect of which the consideration is given. | 12 | The amount by which the value of the consideration given by the airport operator is less than of the thing in respect of which the consideration is given. |

CONDITIONS AS TO THE COST INFORMATION AVAILABLE TO USERS IN RESPECT OF STANSTED AIRPORT LTD IN ACCORDANCE WITH SECTION 46(2) OF THE AIRPORTS ACT 1986

1. By 31 December 1991 and by 31 December in each subsequent year Stansted Airport Ltd (STAL) shall inform the Civil Aviation Authority (CAA) of the system used by it to allocate costs to non-airport charges activities. STAL shall make any amendments to its cost allocation system if so requested by CAA by 31 March prior to each charging year commencing on 1 April.
2. By 31 December 1991 and by 31 December in each subsequent year STAL shall provide to the CAA statements of actual costs and revenues in respect of each of the facilities specified in paragraph 7 for the year ending the previous 31 March.
3. Each year STAL shall provide to the CAA and to users or organisations representing users of the specified facilities prior to implementing any price changes a statement of the pricing principles for each item charged.
4. Each year including the current year STAL shall provide the CAA and users or their representatives the assumptions and relevant cost information adequate to verify that the charges derive from the application of the pricing principles.
5. Where the costs stated by STAL to be in connection with a particular charge vary from those provided in the Profit Centre Reports supplied to the CAA, STAL shall provide to the CAA and to users or their representatives a reconciliation with detailed reasons for such differences.
6. Where charges for the specified facilities are not established in relation to cost STAL shall provide the CAA and to users or their representatives with a statement of the principles on the basis of which the charges have been set with full background information as to the calculation of such charges including statements of any comparables used.
7. The specified facilities are: Check-in desks, including the outbound baggage systems, other desk licences, staff car parking, staff ID cards, fixed electrical ground power, hydrant refuelling, airside parking, airside licences, cable routing, maintenance, heating and utility services, and facilities for bus and coach operators.

CONDITIONS AS TO THE CHARGES FOR AIRSIDE LICENCES AT STANSTED AIRPORT IN ACCORDANCE WITH SECTION 46(2) OF THE AIRPORTS ACT 1986

WHEREAS the Monopolies & Mergers Commission ("MMC") in the report made to the Civil Aviation Authority ("CAA") following a reference made by the CAA to the MMC on 11 December 1995 in respect of Stansted Airport concluded that the 6% levy on turnover of off-airport suppliers of airline catering and cleaning services charged by Stansted Airport Limited ("STAL") has operated and might be expected to operate against the public interest.

AND WHEREAS the MMC recommended in the report that the CAA should impose a condition to require STAL to limit the levy imposed for licensing suppliers from off-airport of airline catering and cleaning services to the recovery of the direct costs associated with such services.

AND WHEREAS the CAA has had regard, as required by Section 46(4) of the Airports Act 1986, to the recommendation made by the MMC as to the conditions by which the effects adverse to the public interest could be remedied or prevented.

NOW THEREFORE THE CAA, in exercise of its duties under Section 46(2) of the Airports Act 1986, hereby imposes the following conditions on STAL:-

1. With effect from 1 November 1996 and until 31 March 1997 where STAL issues licences to suppliers not located on the airport for the provision of catering and cleaning services to aircraft at the airport it may levy a separate charge for such licences. The charge for this period may not exceed the equivalent of 1% of the annual turnover of the supplier to whom the licence is issued.
2. With effect from 1 April 1997 where STAL issues licences to suppliers not located on the airport for the provision of catering and cleaning services to aircraft at the airport it may not levy a separate charge for such licences.
3. These conditions shall remain in effect until modified or revoked.