

February 2024

London Luton Airport Expansion

Planning Inspectorate Scheme Ref: TR020001

Volume 8 Additional Submissions (Examination)

**8.195 Applicant's Response to Compulsory Acquisition
Hearing 2 Action Point 10 - Luton Rising Financial Report
2022/23**

Infrastructure Planning (Examination Procedure) Rules 2010

Application Document Ref: TR020001/APP/8.195

The Planning Act 2008

The Infrastructure Planning (Examination Procedure) Rules 2010

**London Luton Airport Expansion Development Consent
Order 202x**

**8.195 Applicant's Response to Compulsory Acquisition Hearing 2
Action Point 10 – Luton Rising Financial Report 2022/23**

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Issue 1	February 2024	Additional Submission – Deadline 11

London Luton Airport Limited

London Luton Airport Limited
Annual report and financial statements
for the year ended 31 March 2023

Registered in England & Wales

Registered number: 02020381

London Luton Airport Limited

Company Information

Directors

Name	Date Appointed	Date Resigned
W Akbar		4th May 2023
A Donelon	17th May 2022	6th March 2023
MY Hanif	23rd May 2023	
J Hussain	21st May 2019	
CR Isles	23rd May 2023	
P Kehoe CBE	31st January 2024	
AD Malcolm		4th May 2023
K Malik	21st May 2019	
SJ Miller	23rd May 2023	
AJA Nicholls	21st May 2019	
G Olver		9th May 2023
NJ Platts	1st August 2023	
NS Prowse	10th May 2023	
T Saleem		17th May 2022
J Taylor	23rd May 2023	
MD Turner	16th August 2021	
JV Young		4th May 2023

Secretary

M Turner

Company number

02020381

Registered Office

Hart House Business Centre
Kimpton Road
Luton
United Kingdom
LU2 0LA

Auditors

Azets Audit Services
6th Floor Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

London Luton Airport Limited

Contents	Page
Strategic report	1
Directors' report	9
Independent auditors' report to the members of London Luton Airport Limited	16
Profit and loss account	21
Statement of comprehensive income	22
Balance sheet	23
Statement of changes in equity	24
Statement of cash flows	25
Notes to the financial statements	26-41

London Luton Airport Limited

Strategic report for the year ended 31 March 2023

The directors present their strategic report on the company for the year ended 31 March 2023.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

In addition to the airport assets, the company owns the Luton DART (Direct Air-Rail Transit) network, a passenger cable car shuttle infrastructure and service that connects Luton Airport Parkway national rail station to London Luton Airport. The Luton DART commenced operational and commercial service on 27th March 2023.

Other assets include Morton House, a business, skills and innovation centre (currently under development) in Luton designed for local SME business activities and the provision of adult learning and skills training, and Bartlett Square intended for use in providing future commercial developments.

Overview of the business

As the business continued to recover post Covid, actual passenger numbers for the year grew steadily to 13.5 million passengers for the year to 31 March 2023. In the year following to 31 March 2024 we are seeing continued and sustainable growth in passenger numbers despite general macro-economic factors such as high inflation and consequent impact on cost of living.

In general, the board expects a return to profitability for the global airline industry in 2023/24 as airlines continue to cut losses stemming from the effects of the COVID-19 pandemic to their businesses in 2022.

Resilience has been the hallmark for airlines in the COVID-19 crisis. As we report on 2023, the financial recovery has taken shape with a first industry profit since 2019. That is a great achievement considering the scale of the financial and economic damage caused by government imposed pandemic restrictions. The company achieved an operating profit of £19,939,000 (2022: operating loss of £8,962,000) before changes in fair value of investment properties and impairment charges.

The company's principal source of income continues to be the Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight.

This is now complemented by revenue streams from Luton DART and contributions from commercial properties and development sites.

There was a serious fire on the 10th October 2023 in the newly built multi story car park 2 (MCP2) located on the airport close to the Luton DART terminal which resulted in the closure of the car park and affected areas. Further detail is included in the director's report and notes to the financial statements.

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

Overview of the business (continued)

Special Force Majeure

A consequence of the Covid-19 pandemic resulted in the activation of a Special Force Majeure provision as specified within the Concession Agreement.

This provision provided for compensation to be paid to the airport operator as a result of circumstances that were beyond its control.

Subsequently, on 19th November 2021, the company and the airport operator agreed a full and final settlement in relation to the Special Force Majeure with phased amounts payable over three years.

There are no further financial obligations or payments outstanding in respect of the Special Force Majeure as at 31st March 2023.

A variable payment termed 'Payment Adjustment Mechanism' (PAM) which will activate when there is a difference in the actual and forecast passengers travelling during the year and will, depending on whether that difference is above or below the forecast, result in a payment from the airport operator to the company or vice versa.

Both parties have agreed rates per passenger payable/ receivable if there is a variance from the passenger forecast calculated as (actual passengers minus forecast passengers) * agreed rate per passenger.

Luton DART Impairment

The Luton DART (Direct-Air-Rail-Transit) mass passenger transport system connects Luton Parkway station to Luton Airport terminal. This new transport system became fully operational and open for service to the public on the 27th March 2023.

During the year, we carried out an impairment assessment to determine the recoverable value of the DART.

At the reporting date DART was assessed for impairment for the year to 31 March 2023 with further impairment totaling £75,616,000 deemed necessary.

Valuation of the airport

During the year we carried out a review of the valuation of the airport asset and determined an updated valuation based upon the reversionary value of the airport when the current concession agreement ends in August 2032. This valuation was carried out with our Valuation Advisors at Deloitte LLP (Real Estate). The methodology for valuation of the airport is consistent with prior year reporting. The valuation was based on key financial and operational assumptions and inputs as provided by the company.

This valuation of the airport continues to be reported as an investment property in our accounts and the valuation as at 31 March 2023 is £1.17bn (2022: £1.36bn)

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

Mission

Luton Rising is the trading name of London Luton Airport Limited, and intended to show that the company is about being more than an airport; it is about the social, environmental and economic benefits that can be created through the management of strategic assets and working in partnership with those who share our values and ambitions.

Our mission is to support our shareholder, Luton Borough Council, and key partners in all sectors to achieve the shared vision of Luton 2040 as a healthy, fair and sustainable town where everyone can thrive and no-one has to live in poverty by delivering enduring total stakeholder return through the intelligent and creative management of our assets and opportunities.

Principal risks and uncertainties

The key business risk and uncertainty for the company is a loss of income resulting from a decline in passenger throughput, this being the key determinant of both the concession income and revenue from Luton DART. The airport operator is deemed to be in the best position to manage the main risk through its contractual relationships with airline operators. Luton DART passenger throughput is also highly sensitive to disruption of the rail network serving Luton Airport Parkway Station.

This coupled with potential macro-economic exposures such as high inflation and subsequent impact on disposable income remain under consideration.

Stabilisation plan

This year is one of significant recovery from the impact of the Covid-19 pandemic. During the year to 31 March 2023, passenger numbers recovered steadily to 13.5 million for the year. This compares to 6.2m for the year ended 31 March 2022 which equates to 81% of pre-covid passenger levels.

Review of business and future developments

The post Covid recovery appears strong and we are now looking beyond the crisis to opportunities that arise over the next few years.

Luton DART enables passengers to get from Central London to the Central Terminal Area of London Luton Airport in environmentally friendly fashion in little more than half an hour. There will be ongoing focus on modal share growth; that is the proportion of passengers who arrive and depart via Luton DART rather than by car. Morton House a Luton Rising project in collaboration with Luton Borough Council and SEMLEP is under development and expected to open during 2024. We will continue to explore opportunities for working in partnership with Luton Borough Council to combine expertise and resources on projects that can make a significant difference to the Luton community.

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

Review of business and future developments (continued)

Our application for a development consent order to expand the airport was accepted for examination by the Planning Inspectorate for England in March 2023. The Examination Period began in August 2023 and will conclude in February 2024 with the Examining Authority submitting their recommendation to the Secretary of State for Transport in May 2024. The decision by the Secretary of State is anticipated for later in 2024.

In the medium term our strategic plan includes consideration to secure development partners for both Bartlett Square and Green Horizons Park. The expectation is that these exciting development projects will make substantial progress towards delivering additional local jobs and business opportunities, including the extensive social benefits that would flow from them.

In looking forward to the next 10 years we expect to secure a revised concessionaire agreement or alternative value added financial arrangement by 2032/33 that will extend the resilience and expertise developed during the current concession tenure. The company will continue to explore opportunities to protect and enhance the value of its most significant asset on behalf of the Luton community.

Key performance indicators (KPI's)

The company recorded revenue of £59,038,000 to 31 March 2023 compared to £22,002,000 in the prior year; an increase driven by the aviation industry's continued recovery from the Covid-19 pandemic.

The company achieved an operating profit of £19,939,000 (2022: operating loss of £8,962,000) before changes in fair value of investment properties.

The company's net assets fell to £655,983,000 from £863,636,000 driven in part by the downwards revaluation of the airport asset.

Given the straightforward nature of the business, the company's directors are of the opinion that further analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from Luton Borough Council, the shareholder, and at fair value at inception.

No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market process, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

Financial risk management (continued)

Price risk:

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk:

The company is only exposed to credit risk in respect of the Airport Operator who pays a concession fee to the company on a quarterly basis in arrears. The airport operator is bound by an open book policy with the company and therefore Luton Borough Council's auditors have access to monitor performance and viability.

An annual internal audit is undertaken to ensure that the liquidity and financial position of the airport operator is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk:

The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its operational activities.

Interest rate cash flow risk:

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at a fixed rate. The company manages its debt predominantly at fixed rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

Sustainability strategy – a responsible operator

Our sustainability strategy is, we believe, one of the most far reaching commitments to minimise environmental impact ever put forward by a UK airport. Our intention is to become the UK's most socially impactful airport. Our social impact comes not just from the substantial financial contributions we make to Luton's public services and community organisations. It is also reflected in how we grow our business.

Our commitment to sustainable development is to restore and regenerate and is embedded in our business strategy based on the following strategic objectives:

- Protect and enhance the natural environment
- Deliver climate resilience and business continuity
- Lead the transition to Net Zero
- Become a national hub for green technology, finance and innovation
- Be a place to thrive

Our aspiration is to be a sustainability leader, building on our unique position as a community airport owner, by leading an ambitious transition towards carbon net zero, restoring and regenerating the environment; future proofing our assets; and strengthening our position as a world leader in creating community value through the delivery of inclusive socio-economic growth and contributing to the Sustainable Development Goals. Our approach to achieving our strategic objectives recognises a varying degree of control and influence and the need to work closely with stakeholders to deliver opportunities and solutions across the full scope of our activities including the airports future expansion.

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

Focus on our Net Zero ambition

Luton Rising have created a dedicated Net Zero Strategy. This particular objective supports LBC's pledge to ensure that Luton is a carbon neutral town by 2040 and outlines our carbon ambition around the following commitments:

Our ambition:

We take full responsibility for the emissions within our direct control associated with our operations.

- We commit to minimise carbon emissions associated with construction
- We commit to our operations and supporting the airport operator in delivering airport ground operations being carbon neutral from 2030 and net zero by 2040, with non-airport assets being net zero by 2035.

We will go beyond those emissions within our direct control to identify areas where we can make a real difference.

- We commit to carbon neutral surface access by 2040.

We will support action by others where they are best placed to take action. The Government has a legal duty, the overall responsibility and the legislative tools for reducing aviation emissions. The recent Jet Zero strategy outlines the Government's framework and plan for achieving net zero aviation by 2050.

- We will play our part in delivering the Government's ambition of net zero aviation through encouraging the airlines towards the use of Sustainable Aviation Fuels (SAF) and support for electric aircraft.

Our approach:

- **Innovate**, where we focus on those emissions which can be avoided by making changes to our current activities to lower emissions
- **Transition**, where we use technology or behavior changes to deliver the same output with lower emissions
- **Transform**, where we decarbonise the energy sources upstream to allow those benefits to filter through to downstream activities
- **Remove**, where we use local, community-based projects to remove residual emissions from the atmosphere, achieving net zero

Carbon Neutral and Net Zero

The terms carbon neutrality and net zero mean to achieve a balance between the carbon and other greenhouse gases emitted into the atmosphere and the amount removed from it. This balance will happen when the amount of carbon added to the atmosphere is no more than the amount removed.

For both carbon neutral and net zero, the first steps are the same – both require us to reduce our emissions to the maximum extent and work with our partners to reduce theirs. Inevitably, there will be residual emissions to be removed on our path to achieving net zero.

- We will invest in offset projects, including local interventions where possible, to reduce or remove our residual emissions.
- We are working with Luton Borough Council and local partners to develop a community carbon offsetting project which will enhance the quality of life and wellbeing of the local community by improving domestic energy efficiency. However, we recognise it may not be possible to remove or offset all residual emissions locally.

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

	CONSTRUCTION	OPERATIONS		SURFACE ACCESS	AVIATION
Ambition	Minimise emissions	Carbon Neutral (from 2030)	Net Zero (from 2040)	Carbon Neutral (from 2040)	Support Net Zero
Innovate	We will aim to: <ul style="list-style-type: none"> Adopt whole-life carbon approach to material procurement Adopt circular economy principles to promote the re-use of construction waste material Promote use of low emissions construction vehicles, both onsite and moving to and from the site 			<ul style="list-style-type: none"> Work with suppliers to promote freight consolidation and promote the proportion of full-load trips 	<ul style="list-style-type: none"> We will play our part in delivering the Government's ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft⁸.
Transition	We will aim to: <ul style="list-style-type: none"> Employ modern methods of construction, including new building materials and manufacturing approaches 	<ul style="list-style-type: none"> Upgrade lighting and heating equipment Introduce occupancy-led building management systems Promote the use of low emission vehicles 	<ul style="list-style-type: none"> Promote the number of trips to our properties using active and sustainable transport modes Provide EV points where possible and ensure all new builds provide the infrastructure required to meet Government standards 		
Transform	We will aim to: <ul style="list-style-type: none"> Provide electricity from renewables and promote the use of certified low carbon fuels 	<ul style="list-style-type: none"> Purchase gas from renewable sources where possible Generate energy from on-site sources, including waste 	<ul style="list-style-type: none"> Provide infrastructure to support the use of low emissions (including autonomous) public transport and freight vehicles Commit to use low emissions vehicles Commit to make our properties future-ready for new vehicle technologies and fuels 		
Residual Carbon		<ul style="list-style-type: none"> Work with LBC to establish a Community Carbon Offset Fund Research and implement, where feasible carbon removal opportunities 	<ul style="list-style-type: none"> Offset residual emissions through purchases Research and implement, where feasible carbon removal opportunities 		

Sustainability Governance

Our systemic approach reflects the importance of effective governance to deliver on our sustainability objectives and create community value, aligning with Global Reporting Initiative (GRI) Standards for management and reporting. Accountability for the implementation of our strategy is the responsibility of the Board, and the strategy will be continually reviewed and updated to reflect evolving best practice. We commit to publicly reporting our progress to stakeholders against our strategic objectives through an Annual Sustainability Report which we look to align with the GRI Standards.

Sustainability strategy – progress to date

Since publishing our strategy in 2022, we have taken steps to plan and monitor progress against our targets and ensure successful delivery of our strategic objectives. We are developing implementation plans which will outline how each target will be achieved, by when and how progress will be monitored. We are also in the process of developing a monitoring and reporting strategy which will detail how progress will be reported annually.

Since publishing the strategy we have taken the following steps towards achieving the goals and targets set out:

Protect and enhance the natural environment

- Developed a Green Infrastructure Delivery Plan detailing projects to create and enhance greenspaces and improve access to nature across the airport and town.
- Agreed funding for five pilot green infrastructure projects to be delivered in FY23/24-24/25.

London Luton Airport Limited

Strategic report for the year ended 31 March 2023 (continued)

Sustainability strategy – progress to date (continued)

Lead the transition to Net Zero

- Net Zero Pathway developed for Luton Rising’s non-airport assets.
- Funding has been provided for a pilot Community Carbon Offsetting scheme focusing on domestic decarbonisation. A council property has been retrofitted by installing solar panels, air source heat pump, energy efficient light bulbs and triple glazed windows and the gas supply has been removed. By doing so, we will be able to reduce approximately 2tCO₂e annually and create social value of approximately £1,884 /year.
- Pre-feasibility study completed for solar energy development to supply electricity to the Luton DART.

Protect and enhance the natural environment

- Natural Environment Implementation Plan has been drafted including actions required to deliver this strategic objective.
- Work is underway to define the scope and plan for the following projects under the Green Infrastructure Delivery Plan:
 1. Airport biodiversity – engaged the airport operator, Luton Borough Council and potential external partners to collaborate on this project. Work is underway to understand health and safety concerns, maintenance requirements and potential design options. Sheffield University has undertaken a survey on public interests and views on enhancing biodiversity around the airport and appropriate seed mixes for the sites selected to be planted.
 2. Tree canopy – established public engagement exercise over 7 sites to progress Luton Borough Council’s target of increasing the tree canopy by 1ha by 2025.
 3. Tree management for carbon – scoping works underway with Luton Borough Council to define parameters of research project.
 4. Hospital Garden – potential site identified at Calnwood Court with East London Foundation Trust to enhance greenery and biodiversity which will potentially have positive impacts on patients.

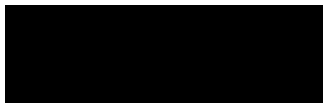
Become a national hub for green technology, finance and innovation

- Feasibility work underway to develop Green Horizons Business Park.

Be a place to thrive

- £7.4m provided to community investment projects.

By order of the Board



M Turner

Company Secretary & Director

7th February 2024

London Luton Airport Limited

Directors' report for the year ended 31 March 2023

The directors present their report and the audited financial statements for the year ended 31st March 2023.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's loss for the financial year is £207.8m (2022: £232.1m). The Board does not recommend the payment of a dividend for the year ended 31 March 2023 (2022: nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

Name	Date Appointed	Date Resigned
W Akbar		5 th May 2023
A Donelon	17th May 2022	6th March 2023
MY Hanif	23rd May 2023	
J Hussain	21st May 2019	
CR Isles	23rd May 2023	
P Kehoe CBE	31st January 2024	
AD Malcolm		5th May 2023
K Malik	21st May 2019	
SJ Miller	23rd May 2023	
AJA Nicholls	21st May 2019	
G Olver		9th May 2023
NJ Platts	1st August 2023	
NS Prowse	10th May 2023	
T Saleem		17th May 2022
J Taylor	23rd May 2023	
MD Turner	16th August 2021	
JV Young		5th May 2023

Dr Romano Pagliari of Cranfield University attended Board meetings in an advisory capacity. He is not a Director of the company and has no voting rights.

Employees

The company has no employees (2022: nil). Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 6.

London Luton Airport Limited

Directors' report for the year ended 31 March 2023 (continued)

Corporate social responsibility

The year ended 31st March 2023 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at lutonrising.org.uk.

Section 172 of the Companies Act 2006 requires directors to act in ways they considers, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole, and in doing so have regard to –

- a) The likely consequence of the decision in the long-term
- b) The interests of the company's employees
- c) The need to foster the company's business relationship with suppliers, customers and others
- d) The impact of the company's operations on the community and environment
- e) The desirability of the company maintaining a reputation for high standards of business conduct
- f) The need to act fairly as between members of the company

The agenda page of each meeting of the Board of Directors includes a paragraph reminding directors of the need to be mindful of their duty under section 172 in reaching their decisions and each report they consider includes a section where the report author sets out the implications of the proposals within that report for each of the matters, where appropriate, as set out above to which they must have regard.

The company has no direct employees. Those who work on the company's behalf are either employed by the sole shareholder, Luton Borough Council, or through an agency or as a self-employed consultant. Nevertheless, the company places a high degree of importance on keeping the workforce fully informed of, and able to influence, the company's business. This is achieved through regular team briefings, either by email, by remote meetings or in person and such consultation and participation was particularly evident through the process of developing the company's annual Business Plan and its vision, mission, values and business principles.

The company has a strict prompt payment policy that helps to foster good relationships with our suppliers; our major business relationship is with the airport operator and this was only strengthened through the collaborative and constructive approach we adopted in meeting the challenges of the impact of the Covid pandemic on the aviation industry.

Our Communications & Engagement team is responsible for leading on development relationships with key stakeholders and this has been prominent through major statutory consultation exercises on our proposal to seek a Development Consent Order for the expansion of the airport. Links with neighbouring local authorities have been nurtured through the establishment of a London Luton Airport Regional Forum chaired by the Leader of Luton Borough Council. As part of our recent consultation we held a number of in-person sessions with communities both in and around Luton as well as more informal engagement with business, community and faith leaders and groups.

Our most enduring engagement with our local community is through our sustained support for our Community Funding Programme which provides over £7.4m a year to local voluntary and community groups. This programme has been operating for almost twenty years which has led to the creation of some enduring and valued relationships and has demonstrated to the community that the company places value, both in policy and practice on its positive social impact.

London Luton Airport Limited

Directors' report for the year ended 31 March 2023 (continued)

Corporate social responsibility (continued)

Similarly, the adoption of our “Green Controlled Growth” approach to airport expansion has demonstrated that we are serious in listening and responding to the concerns of those who are concerned at the environmental impacts of the aviation industry.

Our Business Plan include a commitment to developing a system of integrated reporting that will better enable us to measure the total stakeholder value that our business generates which will help us to ensure that our impacts, both negative and positive, are clearly identified to enable our stakeholders to hold us to account for the negative and so that we can demonstrate that the benefits are distributed equitably across our communities.

Financial risk management

This has been documented within the Strategic Report.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liabilities arising from negligence, breach of duty, and breach of trust in relation to the company.

Going concern

The financial statements are prepared on a going concern basis, which assumes the company will continue to operate and exist for the foreseeable future, being at least 12 months from the approval of the financial statements.

The directors have prepared cash flow forecasts for the company extending for a period of at least 12 months from the date of approval of these financial statements which demonstrate that the company is able to meet its liabilities as they fall due for the foreseeable future.

The directors negotiated a stabilisation plan with the shareholder which was approved on 28th June 2021 and includes agreement to provide an additional £139m of financial support. This is in addition to the original £60m agreed with Luton Borough Council, the sole shareholder of the company, in June 2020 in response to the need to stabilise the funding requirements of the company resulting from the economic challenges of the Covid pandemic. The plan allows for fluctuations in actual passenger numbers against forecasts. The shareholder has confirmed its intention to provide the necessary financial support to the company in writing.

There was a serious fire on the 10th October 2023 in the newly built multi story car park 2 (MCP2) managed by the concessionaire located on the airport close to the Luton DART terminal which resulted in the closure of the car park and affected areas. There was a temporary impact on the safe operation of the DART. The safety plan came into operation and all mitigations were successfully executed. The impact of the fire does not create a material uncertainty related to going concern.

The outlook for international travel as at 31 March 2023 showed clear signs of a sustainable recovery post Covid and a strong sense of desire for travelers to book flights as restrictions in particular across Europe abated over this period. The directors note sustained growth and recovery continued throughout the year and expected to reach c 80% of passenger levels compared to pre-Covid by 31 March 2023. This was achieved with an outturn of 81% recovery against pre Covid levels. For the reasons set out above, the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

London Luton Airport Limited

Directors' report for the year ended 31 March 2023 (continued)

Subsequent events

The company has drawn down an additional debenture loan of £4m from Luton Borough Council in April 2023 making the cumulative amount drawn down £491.1m.

The company's application for a development consent order to expand the airport was accepted for examination by the Planning Inspectorate for England in March 2023. The Examination Period began in August 2023 and will conclude in February 2024 with the Examining Authority submitting their recommendation to the Secretary of State for Transport in May 2024. The decision by the Secretary of State is anticipated for later in 2024.

There was a serious fire on the 10th October 2023 at London Luton Airport's Terminal Car Park 2 (TCP2), located close to the Luton DART terminal at the airport, which resulted in significant property damage to TCP2 itself and to the c. 1,500 vehicles (and their contents) parked in the TCP2 at the time of the fire. No personal injury was sustained as a result of the fire. The fire led to the closure of TCP2 and affected areas which remain inaccessible. Where persons/entities have contacted the company in relation to a potential claim arising out of the fire at TCP2, the company has advised all such persons/entities to contact the airport operator (London Luton Airport Operations Limited (LLAOL)) as the entity that is wholly responsible for the development, operation and maintenance of London Luton Airport including TCP2. We understand that LLAOL have insurance in place in respect of: (i) third party liability; (ii) reinstatement of the car park; and (iii) loss of revenue for the insured parties arising from the closure of TCP2. The impact upon the 31st March 2024 Airport valuation is currently unknown and cannot be reliably estimated.

Given the proximity of the Luton DART terminal at the airport to TCP2 the operation of the Luton DART was temporarily suspended and alternative services were provided for passengers via a bus shuttle. The increased cost of operation and any loss through business interruption will be recovered through the company's insurance.

The Joint Secretaries of State for Levelling Up and Housing and Communities and Transport granted approval on the 13th October 2023 for the maximum number of passengers to be increased from 18 million to 19 million per annum with conditions. It can be anticipated that the concession fee will enjoy a commensurate uplift.

London Luton Airport Limited

Directors' report for the year ended 31 March 2023 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

London Luton Airport Limited

Directors' report for the year ended 31 March 2023 (continued)

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £7.4m (2022:£7.4m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2023	2022
	£'000	£'000
Children, Families & Young People	1,021	966
Citizen Enablement	667	648
Community Involvement	479	436
Community Safety	458	508
Environment & Economy	63	140
Health & Wellbeing	726	726
Leisure & Culture	4,016	4,005
	7,430	7,430

Carbon emissions

London Luton Airport Limited is committed to demonstrating its consumption of carbon during the year as a way of showing how it is progressing to deliver upon its Net Zero strategy.

The reporting scope for carbon emissions, at present, is limited specifically to include Hart House, DART and the Airport Executive Park (units 1 – 8) and excludes Luton Airport.

In summary, 292 tCO₂e as noted in the table below was emitted during the year (2021/22 551.8 tCO₂e).

There was been a 47% decrease in emissions compared to the prior year. This is almost entirely down to a reduction in refrigerant leakage at the Airport Executive Park site. This was an unpredictable occurrence and would not be expected to leak to this extent in most years. All other emission sources have shown little overall variance.

London Luton Airport Limited

Directors' report for the year ended 31 March 2023 (continued)

CARBON FOOTPRINT ANNUAL EMISSIONS COMPARISON

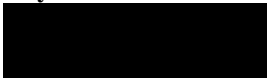
Emissions Source (tCO ₂ e)	2021/22	2022/23	2021/22 -2022/23 % Difference
Electricity	144	211	+46%
Natural Gas	78	51	-35%
Waste	4	7	+74%
Generator fuel	3	0	-100%
Water	0.5	2	+253%
Business Travel	0.02	2	+196%
Staff Commute	26	19	-28%
Refrigerants	297	1	-100%
Grand Total (tCO₂e)	553	292	-47%

- There has been a 47% decrease in emissions since the 2021/22 carbon footprint
 - This is primarily driven a significant reduction in reported emissions associated with refrigerant loss to atmosphere
- The commencement of the DART's operations has led to an increase in emissions from several sources including:
 - Electricity consumption
 - Waste generation
- Business Travel has also seen a large percentage increase, this is due to the limited data in previous years being provided. This year there was accurate data collected for modes of travel and expenditure.
- The previous carbon footprint for 2021/22 included a very large refrigerant leak from the Airport Executive Park. This leak did not recur in the period 2022/23 and as such, refrigerant emissions have reduced significantly, by 295 tCO₂e.
- No generator fuel has been used by the Airport Executive Park, which had used a small amount of fuel in previous years.

Independent auditors

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board



M Turner
Company Secretary & Director

7th February 2024

London Luton Airport Limited

Independent auditors' report to the members of London Luton Airport Limited

Qualified Opinion

We have audited the financial statements of London Luton Airport Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As disclosed at note 10 to the financial statements, the directors have valued the company's principal asset, the freehold site on which London Luton Airport is operated at £1,358,600,000 at 31 March 2022 and £1,160,800,000 at 31 March 2023. The valuation at 31 March 2021 totalled £1,488,000,000 and was subject to material valuation uncertainty as a result of issues created by the Covid-19 pandemic. As note 3 describes, a discount rate of 9% has been used in deriving the 31 March 2022 valuation and 10.5% has been used in deriving the valuation at 31 March 2023. A discount rate of 8% was used in deriving the valuation as at 31 March 2021. In our opinion, a higher discount rate of between 10-10.5% at 31 March 2021, 10.5-11% at 31 March 2022 and between 11.5-12% at 31 March 2023 should be adopted, which reflects the increased risk present within the valuation associated with the post concession period cashflows from 15 August 2032. Furthermore, for the valuations as at 31 March 2021 and 31 March 2022, the cashflow assumptions should include cashflow impacts arising from the triggering and subsequent settlement of the special force majeure clause within the concession agreement.

Factoring into the valuation the impact of the aforementioned matters would result in the following valuation ranges which we consider to be reasonable: an airport valuation of between £941,000,000 and £1,021,000,000 at 31 March 2021, £987,000,000 and £1,060,000,000 at 31 March 2022 and between £950,000,000 and £1,012,400,000 at 31 March 2023.

The directors' valuations fall outside of these ranges. In order to fall within the valuation range that we consider to be reasonable, the value at 31 March 2021 would need to be reduced by £467,000,000, the valuation at 31 March 2022 would need to be reduced by at least £298,600,000 and by at least £148,400,000 at 31 March 2023. This would also change the fair value movement recorded in the profit and loss account in both the current and comparative period.

London Luton Airport Limited

Independent auditors' report to the members of London Luton Airport Limited (continued)

In addition, were the valuations reduced by £467,000,000, £298,600,000 and £148,400,000 respectively, the deferred tax liability would also reduce by £88,730,000 at 31 March 2021, £74,500,000 at 31 March 2022 and £37,100,000 at 31 March 2023, with this amount being credited to the tax charge in the profit and loss account. The net adjustment to net assets would be a reduction of £378,270,000 at 31 March 2021, £224,100,000 at 31 March 2022 and £111,300,000 at 31 March 2023. The Statement of cash flows would also be adjusted within the loss for the current and comparative financial year, taxation credit and change in fair value of investment property financial statement lines and disclosures within notes 2 and 3 would also need to be amended. Any references within the strategic report or director's report to the investment property valuation or associated balances such as loss for the current and comparative year or net assets would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, our opinion is qualified in relation to the valuation of the company's principal asset, the freehold site on which London Luton Airport is operated. Given that the strategic report and director's report refers to the investment property valuation and associated balances such as loss for the year or net assets, we have concluded that where the other information refers to these related balances, it is materially misstated for the same reason

London Luton Airport Limited

Independent auditors' report to the members of London Luton Airport Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

London Luton Airport Limited

Independent auditors' report to the members of London Luton Airport Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud. In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

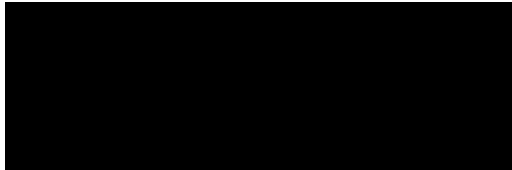
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of noncompliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

London Luton Airport Limited

Independent auditors' report to the members of London Luton Airport Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ben Sheldon ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date 7 February 2024

Statutory Auditor
Chartered Accountants

6th Floor, Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

London Luton Airport Limited

Profit and loss account for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	5	59,038	22,002
Administrative expenses		(17,490)	(17,764)
Special Force Majeure	4	(21,608)	(13,200)
Impairment of property plant and equipment	11	(75,616)	-
Change in fair value of investment properties		(204,673)	(128,878)
Operating profit/(loss)	6	(260,349)	(137,840)
Interest receivable and similar income		62	-
Interest payable and similar expenses	8	(10,117)	(6,724)
Profit/(Loss) before taxation		(270,404)	(144,564)
Tax on profit/(loss)	9	62,595	(87,567)
Profit /(Loss) for the financial year		(207,809)	(232,131)

London Luton Airport Limited

Statement of comprehensive income for the year ended 31 March 2023

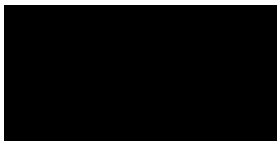
	Note	2023 £'000	2022 £'000
Profit /(loss) for the financial year		(207,809)	(232,131)
Re-measurements of net defined benefit obligation		208	25
Deferred Tax Adjustment		(15)	
Net defined benefit obligation	17	(37)	(26)
Total comprehensive income /(expense) for the financial year		(207,653)	(232,132)

London Luton Airport Limited

Balance sheet As at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investment properties	10	1,270,869	1,461,130
Property, plant & equipment	11	100,449	127,964
		1,371,318	1,589,094
Current assets			
Debtors	12	31,820	26,980
Cash at bank and in hand		735	575
Total current assets		32,555	27,555
Creditors: amounts falling due within one year	13	(15,632)	(39,847)
Net current assets / (liabilities)		16,923	(12,292)
Total assets less current liabilities		1,388,241	1,576,802
Creditors: amounts falling due after more than one year	14	(487,133)	(408,583)
Provisions for liabilities	16	(243,938)	(303,094)
Pension deficit	17	(1,187)	(1,489)
Net assets		655,983	863,636
Capital and reserves			
Called up share capital	18	44,837	44,837
Retained earnings		611,146	818,799
Total shareholders' funds		655,983	863,636

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



M Turner, Director

Registered Number 02020381

7th February 2024

London Luton Airport Limited

Statement of changes in equity for the year ended 31 March 2023

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 April 2021	44,837	1,050,931	1,095,768
Profit/(Loss) for the financial year		(232,131)	(232,131)
Other comprehensive expense		(1)	(1)
Total comprehensive expense for the financial year	0	(232,132)	(232,132)
Total transactions with owners – dividends		0	0
Balance at 31 March 2022	44,837	818,799	863,636
Balance at 1 April 2022	44,837	818,799	863,636
Profit/(Loss) for the financial year		(207,809)	(207,809)
Other comprehensive expense		156	156
Total comprehensive income for the financial year	0	(207,653)	(207,653)
Total Transactions with owners - dividends		0	0
Balance at 31 March 2023	44,837	611,146	655,983

London Luton Airport Limited

Statement of cash flows for the year ended 31 March 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit/(Loss) for the financial year	(207,809)	(232,131)
Adjustments for:		
Impairment of DART	75,616	
Taxation charge/(credit)	(62,595)	87,567
Interest payable and similar expenses	10,117	6,724
Interest receivable and similar income	(62)	0
Change in fair value of investment properties	204,673	128,879
Decrease/(increase) in debtors	(2,858)	(11,971)
(Decrease)/increase in creditors	(22,902)	33,802
Net cash generated from operating activities	(5,821)	12,868
Cash flows from investing activities		
Purchase of tangible assets including capitalised interest	(62,514)	(64,304)
Interest received	62	0
Net cash used in investing activities	(62,452)	(64,304)
Cash flows from financing activities		
Interest paid	(10,117)	(6,724)
Receipts from LBC loan facility	78,550	58,320
Dividends paid	0	0
Net cash generated from (used in) financing activities	68,433	51,596
Net increase in cash and cash equivalents	160	162
Cash and cash equivalents at the beginning of year	575	413
Cash and cash equivalents at 31st March	735	575

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023

General Information

London Luton Airport Limited (“the company”) is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operations Limited (“LLAOL”) as set out in note 4. The company is a private company limited by shares incorporated in England and Wales. The registered office is shown on the company information page.

1. Statement of compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

2. Accounting policies

The accountancy policies have been applied consistently to the prior year.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £’000.

Going Concern

The financial statements are prepared on a going concern basis, which assumes the company will continue to operate and exist for the foreseeable future, being at least 12 months from the approval of the financial statements.

The directors have prepared cash flow forecasts for the company extending for a period of at least 12 months from the date of approval of these financial statements which demonstrate that the company is able to meet its liabilities as they fall due for the foreseeable future.

The directors negotiated a stabilisation plan with the shareholder which was approved on 28th June 2021 and includes agreement to provide an additional £139m of financial support. This is in addition to the original £60m agreed with Luton Borough Council, the sole shareholder of the company, in June 2020 in response to the need to stabilise the funding requirements of the company resulting from the economic challenges of the covid pandemic. The plan allows for fluctuations in actual passenger numbers against forecasts. The shareholder has confirmed its intention to provide the necessary financial support to the company in writing.

There was a serious fire on the 10th October 2023 in the newly built multi story car park 2 (MCP2) managed by the concessionaire located on the airport close to the Luton DART terminal which resulted in the closure of the car park and affected areas. There was a temporary impact on the safe operation of the DART. The safety plan came into operation and all mitigations were successfully executed. The impact of the fire does not create a material uncertainty related to going concern.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2. Accounting policies (continued)

The outlook for international travel as at 31 March 2023 showed clear signs of a sustainable recovery post Covid and a strong sense of desire for travelers to book flights as restrictions in particular across Europe abated over this period. The directors note sustained growth and recovery continued throughout the year and expected to reach c 80% of passenger levels compared to pre-covid by 31 March 2023. This was achieved with an outturn of 81% recovery against pre Covid levels. For the reasons set out above, the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover relating to concession income is recognised in line with the concession contract, see note 5 for further details. DART revenue is recognised when earned through the ticketing systems deployed. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee, rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2. Accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pension increase rate	2.85
Discount rate	4.80

Discount rate

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2023 by Barnett Waddingham LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the profit and loss account. A full valuation was carried out by Deloitte LLP as at 31st March 2023.

London Luton Airport Limited's freehold and leasehold properties were valued on 31 March 2023 by an external valuer, Deloitte LLP. The valuations were prepared in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards as they apply in the UK (updated and amended in 2019) and the Global Standards (updated in 2020) which incorporates the International Valuation Standards (IVS). The RICS Valuation – Professional Standards are often informally referred to as the "Red Book". In accordance with the Red Book and FRS 102, Deloitte LLP adopted Fair Value as the basis of valuation.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2. Accounting policies (continued)

Investment properties (continued)

The UK is continuing to experience a period of high inflation due to a combination of global inflationary pressures, higher interest rates, currency movements and the ongoing geo-political events in Ukraine. This has heightened the potential for greater volatility in property markets in the short to medium term. The Bank of England has sought to address the inflationary pressures in the UK by increasing interest rates.

On September 2022, the UK government announced the largest fiscal stimulus package in 50 years, underpinned by a mission to boost the long-run trend growth rate of the UK economy. The approach triggered an immediate and severe negative market reaction both in stock markets and currency markets with severe pressure on sterling, with fears that the package will add to inflationary pressures, leading to higher interest rates in the short term, thereby crowding out any positive impact of the proposed stimulus. The Bank of England announced plans to buy unlimited amounts of long dated government bonds in an effort to avert problems for pension funds. The financial markets were volatile until such time as the government was able to provide clarity on the future path of public finances.

Inevitably, there were concerns as to how the UK economy would perform going forward given the current inflationary pressure, the cost of living crisis and the rising interest rates that impacted the cost and availability of debt. The impact of this volatility on the commercial market was to exacerbate the slowdown in volume of transactions.

Although there is reasonable liquidity in the market, the ongoing geo-political headwinds, economic uncertainty and the rising cost of debt finance may further impact yields in some sectors of the market such that they increase (soften) from their current levels.

Further investment properties are included within “Assets in the course of construction” in Note 10. This principally consists of costs incurred to date in progressing the company’s Development Consent Order (DCO) to obtain the necessary permissions for the expansion of the airport. These assets are held at fair value which, given the early stage of these projects, is estimated to be the costs incurred to this point.

Assets in the course of construction

Assets in the course of construction are stated at cost and not depreciated until they are ready for use. These assets include expenditure to construct the submission of the Development Consent Order (DCO) application with the expectation to receive Government consent and approval to expand London Luton Airport to 32m passengers per year, development of Morton House business centre and future commercial development of Bartlett square.

Property, Plant and Equipment

Property, plant and Equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing cost capitalised. This classification includes the Luton DART which opened for commercial use on 27th March 2023 and was therefore transferred from assets in the course of construction. The effect of depreciation is immaterial in the year ended 31st March 2023, but for the year ended 31st March 2024, depreciation on a straight line basis by component will be applied.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2. Accounting policies (continued)

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Impairment policy

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when management deem testing for the asset is necessary, The company estimate the asset's recoverable amount.

The recoverable amount is the higher of an assets fair value less costs of disposal and its value in use. In assessing the value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

The company has exercised judgement in classifying the costs incurred to date in progressing the DCO as an investment property, carried at fair value which is considered to equate to cost at the present time. Further the judgement that the costs incurred cannot be reasonably divided into separate phases of expansion within the application is also a significant judgement.

b) Critical accounting estimates and assumptions

Fair value of investment properties

The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 10.5% (2022: 9%) being an estimate of the company's long term weighted average cost of capital on a pre-tax basis. The DCF analysis assumes a reversionary value of the airport at the expiry of the current concession on 15th August 2032, subsequently amended including assumptions on exit yield and income. The Director's consulted with industry specialists on determining the appropriate yield. The valuation was made in accordance with the RICS Appraisal and Valuation Manual. Value of the airport at the expiry of the concession on 15 August 2032 including assumptions on exit yield and income.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

DART impairment

The calculation of the DART impairment involves significant judgement in respect of the volume of passengers, the price of tickets and the appropriate discount rate to be applied, together with the costs of operating the DART. Management reviews actual results and market data where possible to form the most accurate judgements possible.

Property, plant and equipment are assessed for impairment when an impairment trigger in accordance with FRS102 s27 is identified. As at 31st March 2023, it was identified that the forecast net cash outflows in relation to the construction of the Dart system were significantly higher than the initial plan indicating an impairment in relation to the DART capitalised costs. The costs capitalised in the course of construction were £360.7m as at 31st March 2023. The recoverable amount was determined based on a value-in –use calculation which requires the use of assumptions. The recoverable amount was calculated as £100.4m indicating that a further impairment of £75.6m in addition to the impairment of £184.7m reported in 2021.

The recoverable amount is calculated based on discounted cash flow projections of the business over an asset useful economic life of 40 years where the recoverable amount is calculated using a pre-tax discount rate of 10.5%. The directors consider this to be towards the higher end of an appropriate discount rate range for such an asset.

Short term projections are based on the latest forecast approved by the Board and longer term projections reflect 2.5% per annum inflation.

The sensitivity analysis below shows the impact on the valuation of reasonably possible changes to the respective assumptions:-

	Increase/ (decrease) in asset valuation (£'m)
Operating Costs Growth	
+10%	(11.1)
-10%	11.2
Discount Rate	
+0.5%	(1.4)
-0.5%	1.5
Useful economic life	
+10 years	0.9
-10 years	(11.7)

Capitalisation of development project costs

The directors have reviewed each of the development projects to assess whether the costs incurred on them still meet the criteria for capitalisation, in particular, that relating to the future expansion of the airport. On the basis of the forecast passenger numbers, provided by a number of sources both commissioned by and independent of the company, there is sufficient probability that future economic benefits will flow to the company to justify the continued capitalisation of the costs related to those projects and that the fair values of these amounts, held as investment properties, is not less than the costs incurred.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

4. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between the company and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of the company, Deloitte LLP have valued the freehold interest in London Luton Airport as at 31 March 2023.

In April 2020 LLAOL informed the company that, in their belief, as a result of the pandemic being declared a Special Force Majeure event had occurred and that the provisions of clause 10.5 of the Concession Agreement had come into effect. This necessitated an extended period of negotiation: firstly between the company and LLAOL which culminated in a settlement being reached in May 2021; and, secondly between the company and its shareholder to agree a plan to support the company financially to enable it to continue as a going concern until such time as its income is sufficient to meet its expenses; this plan was approved on 28th June 2021.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

4. Concession contract (continued)

A consequence of the Covid-19 pandemic resulted in the activation of a ‘Special Force Majeure’ provision as specified within the Concession Agreement. This provision provided for compensation to be paid to the airport operator (LLAOL), as a result of circumstances that were beyond its control. Subsequently, on 19th November 2021, both parties agreed a full and final settlement which resulted in the following primary financial outcomes:

A further Supplemental Agreement and Settlement Agreement, both of which are dated 19 November 2021.

The Supplemental Agreement extended the concession term, previously due to expire 31st March 2031 to 15th August 2032. The Supplemental Agreement adopts the 5 year adjustment mechanism in the Settlement Agreement, the operation of which can see small adjustments to the term of the concession up to a maximum period of 31st December 2032.

a) A Special Force Majeure (SFM) settlement of £45m, payable by the company to the airport operator, with phased amounts payable during each of the financial years ended 31 March 2021, 2022, and 2023. These payments were as follows:

- 31 March 2021 - £10,203,845
- 31 March 2022 - £13,200,000; and
- 31 March 2023 - £21,607, 859.

It was agreed by both parties that the SFM payment due as at 31 March 2021 as per the schedule above would be discharged and offset against the concession fee accrued to the company during the year to 31 March 2022.

b) A variable payment termed ‘Payment Adjustment Mechanism’ (PAM) will activate when there is a difference between actual and forecast passengers travelling during the year. Both parties have agreed rates per passengers payable/ receivable if the passenger forecast is / is not achieved i.e. calculated as ((actual PAX- minus base target PAX) * agreed rate per passenger)). This PAM will terminate on 31 March 2026.

5. Turnover

	2023	2022
	£'000	£'000
Ticket Sales - DART	144	0
Concession Income	57,741	21,073
Other property income	1,153	929
Total Income	59,038	22,002

Concession Income is £52,950k plus £4,791k PAM making £57,741k as reported. All turnover arose in the United Kingdom.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

6. Operating profit /(loss)

	2023	2022
	£'000	£'000
Operating profit/(loss) is stated after the following amounts have been charged:		
Operating leases - land and buildings	3,204	3,180
Charge for enhanced pension payments	37	26
Charitable donations	7,431	7,431
Auditor's remuneration:		
The audit of the company	96	90

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £2,086,493 (2022: £1,877,762). The operating lease charge for a carpark on the airport premises £3,086,393 (2022: £3,086,393) and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding. The company has no employees. Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out above. Accordingly, there is no key management personnel compensation.

Accounting and tax advisory services have been provided by Azets post year end totalling £11,750.

7. Directors emoluments

Directors' emoluments for the financial year amounted to £nil (2022: £nil). All of the directors are either council members who do not qualify for remuneration or as mentioned above are employees of Luton Borough Council or consultants.

8. Interest payable and similar expenses

	2023	2022
	£'000	£'000
Interest on Debenture Loans - repayable after more than 5 years	10,117	6,724

The total interest paid in the year was £36,193,881 (2022: £30,401,238), of which £28,231,227 (2022: £23,655,393) in relation to the company's development projects was capitalised.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

9. Tax on profit

	2023 £'000	2022 £'000
Current tax		
United Kingdom corporation tax on profits of the financial year	0	0
Adjustments in respect of prior years	0	0
	0	0
Deferred tax :		
Origination and reversing of timing differences	(46,505)	(22,534)
Adjustments in respect of prior years	(1,404)	39,935
Change in tax rates	(14,686)	70,166
Total deferred tax	(62,595)	87,567
Total tax (credit)/charge on profit	(62,595)	87,567
	2023	2022
	£'000	£'000
Profit /(Loss) before tax	(270,404)	(144,564)
Loss before tax multiplied by standard rate in the UK of 19% (2022: 19%)	(51,377)	(27,467)
Effects of:		
Expenses non-deductible for tax purposes	15,789	1,400
Deferred tax not provided for	1,419	26
Enhanced costs revalued properties	(14,699)	(219)
Adjustments in respect of prior years	(1,404)	39,935
Thin cap adjustment	2,362	3,726
Tax rate change	(14,685)	70,166
Total tax charge/ (credit)	(62,595)	87,567

The tax assessed for the financial year is higher (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead. The deferred tax balances at 31 March 2023 have been calculated based on this rate.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

10: Investment properties

The interest in the airport and other properties has been valued in accordance with the circumstances and principles set out in note 2 and 3.

The “Assets in the course of construction” includes £11,149,937 (2022: £11,424,361) in respect of the commercial development sites at Bartlett Square and Century Park, £3,099,261 (2022: £950,000) in respect of Morton House and £70,716,056 (2022: £59,332,444) in respect of the Future LuToN project (Development Consent Order)

	Airport £'000	Other Properties £'000	Assets in the course of construction £'000	Total £'000
Balance at 31st March 2022	1,358,600	31,774	70,756	1,461,130
Additions in year		204	14,209	14,413
Fair value adjustment	(197,800)	(6,874)		(204,674)
Balance at 31st March 2023	1,160,800	25,104	84,965	1,270,869

11: Property, plant & equipment

	Assets in the course of construction £'000	DART £'000	Total £'000
Cost			
At 1 April 2022	312,648	-	312,648
Additions	48,101	-	48,101
Transfer between asset classes	(360,749)	360,749	-
Balance at 31st March 2023	-	360,749	360,749
Depreciation and impairment			
At 1 April 2022	(184,684)	-	(184,684)
Depreciation charged in the year	-	-	-
Transfer between asset classes	184,684	(184,684)	-
Impairment charged in the year	-	(75,616)	(75,616)
Balance at 31st March 2023	-	(260,300)	(260,300)
Carrying amount			
Balance at 31st March 2023	-	100,449	100,449
Balance at 31st March 2022	127,964		127,964

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

12. Debtors	2023	2022
	£'000	£'000
Deferred tax (note 15)	12,642	10,660
Prepayments and accrued income	19,178	16,320
Debtors at 31 March	31,820	26,980

13. Creditors: amounts falling due within one year	2023	2022
	£'000	£'000
Corporation tax	0	1,404
Other creditors	15,632	38,443
Creditors: amounts falling due within one year at 31 March	15,632	39,847

Included within other creditors are amounts due to the sole shareholder, LBC totaling £2.42m (2022: £17.59m)

14. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Debenture loans Maturity loans non-instalment		
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2 & 3 – interest at 4% over three months LIBOR	7,216	7,216
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 6 – interest at 4% over six months GBR	1,662	1,662
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	12,000
Debenture loan 9 – interest fixed at 11.5%	3,000	3,000
Debenture loan 10 – 113 – interest fixed at 8%	444,212	365,662
Creditors: amounts falling due after more than one year at 31 March	487,133	408,583

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 113 for 1st April 2031. The debentures are secured on the total assets of the company.

Luton Borough Council has provided the company with a debenture loan facility of £507m (2022: £507m), of which £487.1m (2022: £408.6m) has been drawn down as at 31 March 2023.

It was also agreed that a further £20m of credit would be set aside if required from the operation of the Payment Adjustment Mechanism. This would not be financed by a loan but through the issue of redeemable preference shares.

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

15. Deferred tax asset

The deferred tax asset represents the following:

	2023 £'000	2022 £'000
Deferred tax in relation to pensions liability	-	
Deferred tax at 1 April	10,659	6,636
Deferred tax charge in the profit and loss account	1,983	4,023
Deferred tax asset at 31 March	12,642	10,659

16. Provisions for liabilities

The deferred tax liability primarily arises in relation to investment properties and fixed assets.

	2023 £'000	2022 £'000
Balance at 1 April	303,094	211,480
Deferred tax in respect of fair value adjustments in year	(59,156)	91,614
Adjustment in respect of prior year	0	0
Deferred tax in respect of capitalised interest	0	0
Change in tax rate	0	0
Balance at 31 March	243,938	303,094

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

17. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2022. The results of this valuation have been projected forward to 31 March 2023 by Barnett Waddingham LLP. The major assumptions used by the actuary were:

	2023 %	2022 %
Pension increase rate	2.85%	3.55%
Discount rate	4.80%	2.60%

b) The mortality assumptions used were as follows:

	2023 years	2022 years
Longevity at age 65 for current pensioners:		
- Men	21.4	22.0
- Women	24.2	24.4

	2023 £'000	2022 £'000
Pension value of scheme liabilities	(1,187)	(1,489)

c) Reconciliation of present value of scheme liabilities

	2023 £'000	2022 £'000
At 1 April 2022	1,489	1,626
Interest cost	37	26
Unfunded benefits paid	(131)	(138)
Re-measurement of net defined benefit obligation	(208)	(25)
Present value of scheme liabilities at 31 March	1,187	1,489

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

18. Called up share capital

	2023	2022
	£'000	£'000
60,000,000 (2022: 60,000,000) Authorised ordinary shares £1 each	60,000	60,000
44,837,002 (2022: 44,837,002) Allotted and fully paid	44,837	44,837

19. Operating lease commitments and contingencies

At 31 March 2023 the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2023	2022
	£'000	£'000
Amounts payable in less than one year	2,270	2,270
Amounts payable between two and five years	8,875	8,944
Amounts payable in excess of five years	7,867	10,066

20. Financial Instruments

	2023	2022
	£'000	£'000
Financial assets		
Cash	735	575
Financial assets that are debt instruments measured at amortised cost	19,179	16,322
Financial liabilities		
Financial liabilities measured at amortised cost	502,765	444,830

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

21. Related parties

There are no transactions with related parties not wholly owned by the group headed by Luton Borough Council. The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Luton Borough Council.

22. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council.

Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2023. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

23. Subsequent events

The company has drawn down an additional debenture loan of £4m from Luton Borough Council in April 2023 making the cumulative amount drawn down £491.1m.

The company's application for a development consent order to expand the airport was accepted for examination by the Planning Inspectorate for England (PINS) in March 2023. The Examination Period began in August 2023 and will conclude in February 2024 with PINS submitting their assessment to the Secretaries of State for Levelling Up, Housing and Communities and Transport in May 2024. The decision by the Secretaries of State is anticipated for later in 2024.

There was a serious fire on the 10th October 2023 at London Luton Airport's Terminal Car Park 2 (TCP2), located close to the Luton DART terminal at the airport, which resulted in significant property damage to TCP2 itself and to the c. 1,500 vehicles (and their contents) parked in the TCP2 at the time of the fire. No personal injury was sustained as a result of the fire. The fire led to the closure of TCP2 and affected areas which remain inaccessible. Where persons/entities have contacted the company in relation to a potential claim arising out of the fire at TCP2, the company has advised all such persons/entities to contact the airport operator (London Luton Airport Operations Limited (LLAOL) as the entity that is wholly responsible for the development, operation and maintenance of London Luton Airport including TCP2. We understand that LLAOL have insurance in place in respect of: (i) third party liability; (ii) reinstatement of the car park; and (iii) loss of revenue for the insured parties arising from the closure of TCP2. The impact upon the 31st March 2024 Airport valuation is currently unknown and cannot be reliably estimated.

Given the proximity of the Luton DART terminal at the airport to TCP2 the operation of the Luton DART was temporarily suspended and alternative services were provided for passengers via a bus shuttle. The increased cost of operation and any loss through business interruption will be recovered through the company's insurance.

The Joint Secretaries of State for Levelling Up and Housing and Communities and Transport granted approval on the 13th October 2023 for the maximum number of passengers to be increased from 18 million to 19 million per annum with conditions. It can be anticipated that the concession fee will enjoy a commensurate uplift.