

**REED AVIATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**29 JUNE 2002**

**Company Registration Number 1376327**



# **REED AVIATION LIMITED**

## **FINANCIAL STATEMENTS**

**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

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**REED AVIATION LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	M S A Ballinger I P Butcher C Moyes A Dodgson R J Hunt
<b>Company secretary</b>	I P Butcher
<b>Registered office</b>	41 - 51 Grey Street Newcastle upon Tyne NE1 6EE
<b>Auditors</b>	Ernst & Young LLP Citygate St James' Boulevard Newcastle upon Tyne NE1 4JD
<b>Bankers</b>	The Royal Bank of Scotland plc 135 Bishopgate London EC2M 3UR
<b>Solicitors</b>	Dickinson Dees St Ann's Wharf 112 Quayside Newcastle upon Tyne NE99 3UR

# REED AVIATION LIMITED

## THE DIRECTORS' REPORT

### PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002

The directors present their report and the financial statements of the company for the period from 1 January 2001 to 29 June 2002.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the operation of an air charter business, and the provision of ground-handling services.

On 17 August 2001, the company was acquired by The Go-Ahead Group plc and the company changed its accounting reference date to 29 June to be co-terminus with the new parent company.

#### RESULTS AND DIVIDENDS

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

#### DIRECTORS

The directors who served the company during the period were as follows:

M S A Ballinger	(Appointed 17 August 2001)
I P Butcher	(Appointed 17 August 2001)
C Moyes	(Appointed 17 August 2001)
P O Boyle	(Appointed 17 August 2001 and resigned on 16 January 2003)
C R White	(Resigned 21 December 2001)
J A Bolton	(Resigned 9 January 2002)
C J Allwood	(Resigned 17 August 2001)
D L Clark	(Resigned 17 August 2001)
W Cowley	(Resigned 17 August 2001)
C R Vickers	(Resigned 17 August 2001)
A Dodgson	(Appointed 14 February 2003)
R J Hunt	(Appointed 14 February 2003)

Messrs Ballinger, Butcher and Moyes are directors of the ultimate parent company, The Go-Ahead Group plc, and as such their interests in the shares are disclosed in the financial statements of that company.

No director has had a material interest in any contract that has subsisted during the year or at the year end.

#### POLICY ON THE PAYMENT OF CREDITORS

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the suppliers.

At 29 June 2002, the company had an average of 18 days purchases outstanding in trade creditors.

## **REED AVIATION LIMITED**

### **THE DIRECTORS' REPORT *(continued)***

**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

#### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

#### **DISABLED EMPLOYEES**

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees who become disabled to continue in their employment or to be trained for other positions in the company.

#### **EMPLOYEE INVOLVEMENT**

The company is committed to involve all employees in its performance and development. Employees are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the company. Discussions take place regularly with trade unions representing the employees on a wide range of issues.

# REED AVIATION LIMITED

## THE DIRECTORS' REPORT *(continued)*

**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

### AUDITORS

During the period Keens Shay Keens resigned as auditors, and Ernst & Young LLP were appointed as auditors to the company.

A resolution in accordance with Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 17 October 2001 and accordingly Ernst & Young LLP shall be deemed reappointed as auditors.

Registered office:  
41 - 51 Grey Street  
Newcastle upon Tyne  
NE1 6EE

Signed by order of the directors



I P BURCHER  
Company Secretary

Approved by the directors on 10 March 2003

**REED AVIATION LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**  
**YEAR ENDED 29 JUNE 2002**

We have audited the company's financial statements for the year ended 29 June 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


**REED AVIATION LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONTINUED)**

**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 June 2002 and of the result of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the firm.

ERNST & YOUNG LLP

Registered Auditor

Newcastle upon Tyne

10 March 2003



**REED AVIATION LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

	Note	Period ending 29 Jun 02 £000	Year to 31 Dec 00 £000
<b>TURNOVER</b>	<b>2</b>	<b>32,362</b>	<b>24,488</b>
Operating costs	<b>3</b>	<b>(33,277)</b>	<b>(23,513)</b>
<b>OPERATING (LOSS)/PROFIT</b>	<b>4</b>	<b>(915)</b>	<b>975</b>
Interest receivable	<b>7</b>	<b>90</b>	<b>169</b>
Interest payable and similar charges	<b>8</b>	<b>(188)</b>	<b>(172)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,013)</b>	<b>972</b>
Tax on (loss)/profit on ordinary activities	<b>9</b>	<b>44</b>	<b>(114)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(969)</b>	<b>858</b>
Dividends	<b>10</b>	<b>—</b>	<b>(3,500)</b>
<b>LOSS FOR THE FINANCIAL PERIOD</b>	<b>21</b>	<b>(969)</b>	<b>(2,642)</b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above

# REED AVIATION LIMITED

## BALANCE SHEET

29 JUNE 2002

	Note	29 Jun 02 £000	31 Dec 00 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	<u>3,347</u>	<u>4,638</u>
<b>CURRENT ASSETS</b>			
Stocks		—	33
Debtors	13	3,988	6,078
Cash at bank		<u>1,195</u>	<u>324</u>
		5,183	6,435
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>8,385</u>	<u>8,937</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,202)</u>	<u>(2,502)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>145</u>	<u>2,136</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	798	1,484
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	17	<u>72</u>	<u>415</u>
		<u>(725)</u>	<u>237</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	20	50	50
Profit and loss account	21	<u>(775)</u>	<u>187</u>
<b>EQUITY SHAREHOLDERS (DEFICIT)/FUNDS</b>	21	<u>(725)</u>	<u>237</u>

These financial statements were approved by the directors on the 10 March 2003 and are signed on their behalf by:

  
I P BOUTCHER

**REED AVIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery                -    5 to 10 years

**Stocks**

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

**Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

**REED AVIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

**1. ACCOUNTING POLICIES** *(continued)*

**Deferred taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

The policy is to provide for deferred taxation on all timing differences which have originated but not reversed at the balance sheet date. Except where otherwise required by accounting standards, no timing differences are recognised in respect of:

Property revaluation surpluses where there is no commitment to sell the asset; gains on sale of assets where those gains have been rolled over into replacement assets; additional tax which would arise if profits of overseas joint ventures were distributed; and deferred tax assets except to the extent that it is more likely than not that they will be recovered.

Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable. The deferred tax provision is not discounted to net present value.

**Pension benefits**

The company participates in The Go-Ahead Group retirement benefit schemes, both defined benefit and defined contribution. In respect of the defined benefit schemes, the pension benefits are funded over the employees' average period of service. The net pension cost to the company as determined from the latest triennial actuarial valuation and subsequent actuarial reviews is charged to the profit and loss account.

**Insurance**

The company limits its exposure to the cost of motor, employer and public liability claims through third party insurance policies. These provide individual claim cover subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An accrual is made within "Creditors: amounts falling due within one year" for the estimated cost to the company to settle claims for incidents occurring prior to the balance sheet date. The estimation of the balance sheet insurance accrual is made after taking appropriate professional advice and is based on an assessment of the expected settlement on known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but have not yet been reported to the company.

**REED AVIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

**2. TURNOVER**

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
United Kingdom	<u>32,362</u>	<u>24,488</u>

**3. OPERATING COSTS**

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Materials and external charges	17,767	14,329
Staff costs	12,936	8,437
Depreciation of tangible fixed assets	1,074	755
Other operating income	(114)	(8)
Impairment of fixed assets	1,614	—
	<u>33,277</u>	<u>23,513</u>

**4. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging/(crediting):

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Depreciation	1,074	755
Auditors' remuneration		
- as auditors	24	12
- for other services	27	8
Operating lease rentals - property	947	565
Operating lease rentals - other	147	115
Profit on disposal of tangible assets	<u>(9)</u>	<u>—</u>

**REED AVIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

**5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial period amounted to:

	<b>Period ending 29 Jun 02 No.</b>	<b>Year to 31 Dec 00 No.</b>
Administration and supervision	76	16
Maintenance and engineering	19	—
Operations	506	505
	<u>601</u>	<u>521</u>

The aggregate payroll costs of the above were:

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Wages and salaries	11,776	7,652
Social security costs	1,020	693
Other pension costs	140	92
	<u>12,936</u>	<u>8,437</u>

**6. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Emoluments receivable	251	195

**Emoluments of highest paid director:**

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Total emoluments (excluding pension contributions):	146	195

The number of directors who are accruing benefits under company pension schemes was as follows:

	<b>Period ending 29 Jun 02 No.</b>	<b>Year to 31 Dec 00 No.</b>
Defined benefit schemes	—	2

**REED AVIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. INTEREST RECEIVABLE**

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Bank interest receivable	90	58
Other interest receivable	-	111
	<u>90</u>	<u>169</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Finance charges payable under finance leases and hire purchase contracts	187	171
Interest on other loans	1	1
	<u>188</u>	<u>172</u>

**9. TAX ON LOSS OR PROFIT ON ORDINARY ACTIVITIES****(a) Tax charge / (credit)**

	<b>Period ending 29 Jun 02 £000</b>	<b>Year to 31 Dec 00 £000</b>
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2000 - 30%)	299	170
Over/under provision in prior year	-	(160)
Total current tax	<u>299</u>	<u>10</u>
Deferred tax:		
(Decrease)/increase in deferred tax provision	(343)	104
Tax on (loss)/profit on ordinary activities	<u>(44)</u>	<u>114</u>

# REED AVIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002

#### 9. TAX ON LOSS OR PROFIT ON ORDINARY ACTIVITIES *(continued)*

##### (b) Factors affecting current tax charge

	Period ending 29 Jun 02 £000	Year to 31 Dec 00 £000
(Loss)/profit on ordinary activities before taxation	<u>(1,013)</u>	<u>972</u>
Profit/(loss) on ordinary activities by rate of tax	(304)	292
Permanent timing differences	8	(13)
Current year deferred tax movement	343	(104)
Marginal relief claimed	—	(5)
Prior year adjustment to corporation tax provision	—	(160)
Other	252	—
Total current tax (note 9(a))	<u>299</u>	<u>10</u>

#### 10. DIVIDENDS

No dividend has been recommended for the period from 1 January 2001 to 29 June 2002 (2001 - £3,500,000).

#### 11. TANGIBLE FIXED ASSETS

	Plant & Machinery £000
<b>COST</b>	
At 1 January 2001	7,073
Additions	1,465
Disposals	(267)
<b>At 29 June 2002</b>	<u><b>8,271</b></u>
<b>DEPRECIATION</b>	
At 1 January 2001	2,435
Charge for the period	1,074
On disposals	(199)
Impairment	1,614
<b>At 29 June 2002</b>	<u><b>4,924</b></u>
<b>NET BOOK VALUE</b>	
<b>At 29 June 2002</b>	<u><b>3,347</b></u>
At 31 December 2000	<u>4,638</u>



# REED AVIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002

#### 11. TANGIBLE FIXED ASSETS *(continued)*

An impairment review was carried out following the acquisition by The Go-Ahead Group plc and a write down of equipment was required.

#### **Finance lease agreements**

Included within the net book value of £3,347,000 is £2,047,000 (2000 - £2,856,675) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £401,000 (2000 - £361,580).

#### **Capital commitments**

	29 Jun 02 £000	31 Dec 00 £000
Contracted but not provided for in the financial statements	—	479

#### 12. INVESTMENTS

The company holds 100% of the ordinary share capital of the following dormant companies incorporated in England and Wales:

Airport Vehicle Engineering Limited  
 Airport Aviation Containers Limited  
 AVE Towing Limited

and Reed Aviation Spain S.L., incorporated in Spain.

#### 13. DEBTORS

	29 Jun 02 £000	31 Dec 00 £000
Trade debtors	3,359	4,731
Amounts owed by group undertakings	211	506
Other debtors	54	149
Corporation Tax recoverable	—	171
Prepayments and accrued income	364	521
	<u>3,988</u>	<u>6,078</u>

#### 14. CREDITORS: Amounts falling due within one year

	29 Jun 02 £000	31 Dec 00 £000
Trade creditors	808	1,525
Amounts owed to group undertakings	5,209	746
Corporation tax	299	170
Other taxation and social security	174	492
Finance lease agreements	778	680
Dividends payable	—	3,835
Other creditors	207	68
Accruals and deferred income	910	1,421
	<u>8,385</u>	<u>8,937</u>

**REED AVIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

**15. CREDITORS: Amounts falling due after more than one year**

	<b>29 Jun 02</b> <b>£000</b>	31 Dec 00 <b>£000</b>
Finance lease agreements	<u>798</u>	<u>1,484</u>

**16. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS**

Future commitments under finance lease agreements are as follows:

	<b>29 Jun 02</b> <b>£000</b>	31 Dec 00 <b>£000</b>
Amounts payable within 1 year	778	680
Amounts payable between 1 and 2 years	542	1,321
Amounts payable between 3 and 5 years	<u>256</u>	<u>163</u>
	<u><b>1,576</b></u>	<u><b>2,164</b></u>

**17. DEFERRED TAXATION**

	<b>29 Jun 02</b> <b>£000</b>	Year to 31 Dec 00 <b>£000</b>
The movement in the deferred taxation provision during the period was:		
Provision brought forward	415	311
Profit and loss account movement arising during the period	<u>(343)</u>	<u>104</u>
Provision carried forward	<u><b>72</b></u>	<u><b>415</b></u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	<b>29 Jun 02</b> <b>£000</b>	Year to 31 Dec 00 <b>£000</b>
Excess of taxation allowances over depreciation on fixed assets	<u>72</u>	<u>415</u>
	<u><b>72</b></u>	<u><b>415</b></u>

# **REED AVIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

### **18. COMMITMENTS UNDER OPERATING LEASES**

At 29 June 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	29 Jun 02		31 Dec 00	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	551	82	348	224
Within 2 to 5 years	-	9	134	236
After more than 5 years	-	-	67	-
	<u>551</u>	<u>91</u>	<u>549</u>	<u>460</u>

### **19. RELATED PARTY TRANSACTIONS**

The company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemptions in paragraph 3 of Financial Reporting Standard 8 and transactions with entities that are part of the group have not been disclosed.

### **20. SHARE CAPITAL**

#### **Authorised share capital:**

	29 Jun 02 £000	31 Dec 00 £000
25,000 Ordinary 'A' Shares shares of £1 each	25	25
25,000 Ordinary 'B' Shares shares of £1 each	25	25
	<u>50</u>	<u>50</u>

#### **Allotted, called up and fully paid:**

	29 Jun 02		31 Dec 00	
	No.	£000	No.	£000
Ordinary 'A' Shares shares	25,000	25	25,000	25
Ordinary 'B' Shares shares	25,000	25	25,000	25
	<u>50,000</u>	<u>50</u>	<u>50,000</u>	<u>50</u>

# **REED AVIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JANUARY 2001 TO 29 JUNE 2002**

### **21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2000	50	2,829	2,879
Profit for the year	—	858	858
Dividends	—	(3,500)	(3,500)
At 31 December 2000	50	187	237
Loss for the period	—	(969)	(969)
Arising on retranslation of foreign investments	—	7	7
At 29 June 2002	50	(775)	(725)

### **22. PENSIONS**

The company participates in a scheme which is part of The Go-Ahead Group Pension Plan. Details of the scheme are disclosed in the financial statements of The Go-Ahead Group plc for the year ended 29 June 2002. The assets of the scheme are held separately from those of the company in an independently administered fund.

Under the transitional provision of FRS 17 'Retirement benefits' additional disclosures regarding the group defined pension scheme are required. In accordance with FRS 17, when adopted, the company will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the net assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of the parent company, shows a deficit of £39.1m. Further details of this valuation can be found in the consolidated financial statements of the parent company.

### **23. ULTIMATE PARENT COMPANY**

In the directors' opinion the company's ultimate parent company and controlling party is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.