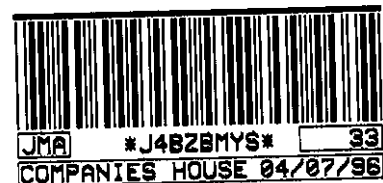


RINGWAY HANDLING SERVICES LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

Registered Number: 2638238



RINGWAY HANDLING SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

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RINGWAY HANDLING SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 March 1996.

DIRECTORS

During the year covered by this fourth annual report there were no changes of Directors.

The Board at 31st March 1996 comprised:

Councillor J Flanagan	Manchester (Chairman)
Councillor P R C Smith	Wigan
Councillor A Burns	Manchester
Councillor G Conquest	Manchester
Councillor S R Oldham	Tameside
Mr D A Teale	Director of Corporate Affairs - Manchester Airport Plc

Since 31st March 1996, Councillor B Harrison (Manchester) was appointed on 4th June 1996 to replace Councillor J Flanagan. Councillor P R C Smith (Wigan) was appointed Chairman of the Board on 4th June 1996 and Councillor B Harrison (Manchester) was appointed Deputy Chairman.

DIRECTORS' SERVICE CONTRACTS

There are no Directors' service contracts.

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who held office on 31 March 1996 had no interest in the shares of the Company, the holding company or other group companies at any time during the year.

SUBSTANTIAL SHAREHOLDER

At 1 April 1995 and 31 March 1996, Manchester Airport Plc owned 100% of the Company's ordinary share capital.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activities of the Company during the period were the provision of Airport Ground Handling at Manchester Airport.

The Company has restructured its activities during the year.

RINGWAY HANDLING SERVICES LIMITED

DIRECTORS' REPORT - Continued

FINANCIAL COMMENTARY

Profits and Dividends

The loss for the year after taxation was £1,601,000.

The Directors do not recommend the payment of a dividend and the loss after taxation has been transferred from reserves.

Fixed Assets

Details of fixed assets are given in Note 5 to the financial statements.

Charitable and Political Contributions

During the year the Company made no charitable or political contributions.

Employment Policy

Arrangements exist through the Employees Negotiating Forum (ENF) whereby the Company's representatives meet on a regular basis with employees' representatives who are able to enquire into matters of concern to them as employees, and may express their views on matters likely to affect their interests. Such meetings also enable the Company to seek to make employees aware of the financial and economic factors affecting the performance of relevant areas of the Company.

Ringway Handling Services Limited is committed to employment policies which follow best practice, based on equal opportunities for all employees irrespective of sex, race, religion, colour, disability or marital status.

Insurance of Directors

The group maintains insurance for the Company's Directors in respect of their duties as directors.

Taxation Status

The Company is not a close Company within the provisions of the Income and Corporation Taxes Act 1988.

RINGWAY HANDLING SERVICES LIMITED

DIRECTORS' REPORT - (Continued)

Directors' Responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the Company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The Directors also confirm that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint the Auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



T Bowers
for and on behalf of
MANCHESTER PROFESSIONAL SERVICES LIMITED
SECRETARY

20 June 1996

RINGWAY HANDLING SERVICES LIMITED

AUDITORS' REPORT

REPORT OF THE AUDITORS TO THE MEMBERS OF RINGWAY HANDLING
SERVICES LIMITED

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those Statements and to report our opinion to you.

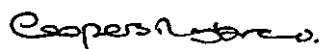
Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester

20 June 1996

RINGWAY HANDLING SERVICES LIMITED

STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, which have been applied consistently.

The accounting policies that the Company has adopted to determine the amounts included in respect of material items shown in the balance sheet, and also determine the profit or loss are shown below:

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover comprises the invoice value of services supplied by the Company exclusive of value added tax.

Fixed Assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on a straight line basis over the expected useful lives of the fixed assets as follows:

	<u>Years</u>
Fixtures, fittings, tools and equipment	5

Deferred Taxation

Deferred Taxation is provided in respect of all timing differences, to the extent that those liabilities are expected to crystallise in the foreseeable future.

RINGWAY HANDLING SERVICES LIMITED

STATEMENT OF ACCOUNTING POLICIES - Continued

Pension Costs

The Company operates three pension schemes which are independent of the Company's assets as follows:

i) A Defined Benefit Scheme

Actuarial valuations are made at three year intervals and in accordance with the recommendations, annual contributions are paid to the scheme. The costs are charged against profits so as to spread the cost of the pensions over the employees' working lives.

ii) Defined Contribution Schemes

The Company operates two money purchase pension schemes with defined contribution levels for employees who were not eligible to enter the Defined Benefit Scheme. Contributions to the schemes are independently administered by an insurance company.

Cash Flow

In accordance with paragraph 8(c) of Financial Reporting Standard No.1, the Company is not required to publish a Cash Flow Statement.

RINGWAY HANDLING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1996

	NOTE	1996 £000	1996 £000	1995 £000	1995 £000
TURNOVER - CONTINUING OPERATIONS			16,418		17,141
 TOTAL STAFF COSTS	1				
Wages and Salaries		10,066		10,434	
Social security costs		885		898	
Other pension costs	15	<u>378</u>		<u>574</u>	
			11,329		11,906
Depreciation			31		29
External charges			<u>5,261</u>		<u>5,304</u>
			<u>16,621</u>		<u>17,239</u>
OPERATING (LOSS) - CONTINUING OPERATIONS			(203)		(98)
 Costs of restructuring in a continuing operation	13		<u>(2175)</u>		<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST			(2378)		(98)
 Interest receivable			3		-
Interest payable	2		<u>-</u>		<u>(9)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3		(2375)		(107)
TAXATION	4		<u>774</u>		<u>28</u>
LOSS FOR THE FINANCIAL YEAR	10		<u>(1601)</u>		<u>(79)</u>

The Company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

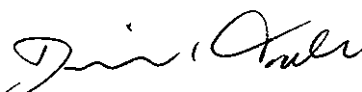
RINGWAY HANDLING SERVICES LIMITED

BALANCE SHEET AT 31 MARCH 1996

	NOTE	1996 £000	1996 £000	1995 £000	1995 £000
FIXED ASSETS					
Tangible Assets	5		114		116
CURRENT ASSETS					
Debtors	6	1859		1356	
Cash at Bank		<u>197</u>		<u>67</u>	
		2056		1423	
CREDITORS - amounts falling due within one year	7	<u>(3538)</u>		<u>(1303)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(1482)</u>		<u>120</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1368)</u>		<u>236</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8		<u>(6)</u> <u>(1374)</u>		<u>(9)</u> <u>227</u>
CAPITAL AND RESERVES					
Called up share capital	9		1		1
Profit and Loss account	10		<u>(1375)</u>		<u>226</u>
EQUITY SHAREHOLDERS' FUNDS	11		<u>(1374)</u>		<u>227</u>

The Financial Statements on pages 5 to 14 were approved by the Board of Directors on 20 June 1996 and were signed on its behalf by:


P R C Smith Chairman


D A Teale Director

RINGWAY HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1996

1. DIRECTORS AND EMPLOYEES

The average number of persons (including Directors) employed by the Company during the year was:

	1996 Number	1995 Number
Administration	28	28
Passenger Handling	43	27
Baggage Handling	<u>460</u>	<u>489</u>
	<u>531</u>	<u>544</u>

DIRECTORS' REMUNERATION

1996 £000	1995 £000
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The remuneration paid to Directors was:

<u>NIL</u>	<u>NIL</u>
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2. INTEREST PAYABLE

Interest payable	<u>-</u>	<u>9</u>
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3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	£	£
Auditors' remuneration - Audit services	1800	1750
- Other services	NIL	NIL
	£000	£000
Depreciation	31	29
Hire of plant and machinery - operating leases	650	1120
Hire of other assets - operating leases	<u>43</u>	<u>29</u>

RINGWAY HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

	1996 £000	1995 £000
4. <u>TAXATION</u>		
UK Corporation Tax at 33%		
Current tax credit	771	25
Deferred tax credit	<u>3</u>	<u>4</u>
	774	29
Under provision in respect of prior years:		
Current tax charge	<u>-</u>	<u>(1)</u>
	<u>774</u>	<u>28</u>
5. <u>FIXED ASSETS - TANGIBLE ASSETS</u>		
	Fixtures & Fittings Tools & Equipment £000	
At 1 April 1995	158	
Additions	<u>29</u>	
At 31 March 1996	<u>187</u>	
<u>Depreciation</u>		
At 1 April 1995	42	
Charge for year	<u>31</u>	
At 31 March 1996	<u>73</u>	
<u>Net Book Value</u>		
At 31 March 1996	<u>114</u>	
At 31 March 1995	<u>116</u>	
6. <u>DEBTORS</u>		
	1996 £000	1995 £000
Amounts falling due within one year:		
Trade Debtors	1604	1282
Corporation Tax Repayable	25	-
Other Debtors	220	68
Prepayments and accrued income	<u>10</u>	<u>6</u>
	<u>1859</u>	<u>1356</u>

RINGWAY HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

7.	<u>CREDITORS</u>	1996 £000	1995 £000
	Amounts falling due within one year:		
	Trade creditors	176	45
	Amounts owed to holding Company	2495	810
	Other taxation and social security payable	264	303
	Other creditors	<u>603</u>	<u>145</u>
		<u>3538</u>	<u>1303</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

Deferred taxation provided in the financial statements and the total potential liability including the amounts for which provision has been made are as follows:

	1996		1995	
	Amount Provided £000	Total Potential Liability £000	Amount Provided £000	Total Potential Liability £000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	<u>6</u>	<u>6</u>	<u>9</u>	<u>9</u>

The movement on the provision for deferred taxation is as follows:

	£000
At 1 April 1995	9
Transferred to Profit and Loss account	<u>(3)</u>
At 31 March 1996	<u>6</u>

9.	<u>CALLED UP SHARE CAPITAL</u>	1996 £000	1995 £000
	Authorised, allotted called up and fully paid 1,000 ordinary shares at £1 each	<u>1</u>	<u>1</u>

RINGWAY HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10.	<u>PROFIT AND LOSS</u>	£000	
	At 1 April 1995	226	
	Loss for the year	(1601)	
	At 31 March 1996	<u>(1375)</u>	
11.	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS</u>		
		1996	1995
		£000	£000
	Loss for the financial year	(1601)	(79)
	Opening Shareholders' Funds	<u>227</u>	<u>306</u>
	Closing Shareholders' Funds	<u>(1374)</u>	<u>227</u>
12.	<u>CAPITAL COMMITMENTS</u>		
		1996	1995
		£000	£000
	Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>NIL</u>	<u>NIL</u>
13.	<u>COSTS OF RESTRUCTURING IN A CONTINUING OPERATION</u>		
	The costs of restructuring in a continuing operation relate to the cost of the rationalisation of the company's activities which took place during the year. The majority of the expenditure relates to changes in terms and conditions and severance payments for certain employees.		
14.	<u>OTHER FINANCIAL COMMITMENTS</u>		
	At 31st March 1996 the Company had annual commitments under non cancellable operating leases as follows:		
		1996	1995
		£000	£000
	Plant and Machinery:		
	Expiring between two and five years inclusive	<u>600</u>	<u>509</u>
15.	<u>OTHER PENSION COSTS</u>		
	Employees of the Company participate in the following pension schemes:		

RINGWAY HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

1. Greater Manchester Pension Fund

The fund is administered by Tameside Metropolitan Borough Council. The scheme is of the defined benefit type. The securities portfolio of the fund is managed by two professional investment managers and the property portfolio is managed in house. Participation is by virtue of the Company's status as an 'admitted body' to the Fund.

The last valuation of the Fund was carried out at 31st March 1992. The purpose of the valuation was to determine the financial position of the Fund and to recommend the contribution rate to be paid by Ringway Handling Services Limited and the other participating employers.

The market value of the funds assets at 31st March 1992 amounted to £2459 million. The funding level of the scheme as measured using the actuarial method of valuation was 111%.

Investment Returns	-	9% per annum
Salary Increases	-	6.5% per annum
Pensions Increase	-	4.5% per annum
Dividend Growth	-	4.5% per annum

The costs of providing pensions are charged to the Profit and Loss Account on a consistent basis over the service lives of the members. These costs are determined by an independent qualified actuary and any variations from regular costs are spread over the remaining working lifetime of the current members.

The amount charged to the Profit and Loss Account for 1995/96 was £320,000 which is equal to the contributions payable to the scheme.

2. Defined Contribution Schemes

The amount charged to the Profit and Loss Account for 1995/96 was £58,000 which is equal to the contributions payable to the scheme.

16. HOLDING COMPANY

Ringway Handling Services Limited is a wholly owned subsidiary of Manchester Airport Plc, a Company registered in England and Wales.

The financial statements of Manchester Airport Plc can be obtained from the Registered Office, PO Box 532, Town Hall, Manchester M60 2LA.

RINGWAY HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

17. ECONOMIC REGULATION

The Company's Holding Company, Manchester Airport Plc, is subject to economic regulation under the Airport's Act 1986 which requires the airport to hold permission from the Civil Aviation Authority to levy airport charges.

From 1st April 1992 the operational activities of Ringway Handling Services Limited are required to be allocated between airport charges levied in connection with the landing, parking and taking-off of aircraft (including passenger related charges) and other operational income.

All revenue and costs arising from non-operational activities such as items where the income is not primarily from airport users is required to be shown in a separate category.

The following have been quantified by means of apportioning the use of the Company's accommodation and services.

AIRPORT OPERATIONAL ACTIVITIES

	1996 £000	1995 £000
Airport Charges:		
The company has no such activities under the Act.		
Other Income: Revenue	16418	17141
Costs	<u>18796</u>	<u>17239</u>
Loss on ordinary activities before interest	<u>(2378)</u>	<u>(98)</u>

The Company has no non-operational activities under the Act.

Unless specified elsewhere in these notes the Company received no preferential treatment or financial support from any associated person or organisation during the period of these accounts.