

HEATHROW CARGO HANDLING LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2001

Company Registration Number 3076274



HEATHROW CARGO HANDLING LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7 to 8
Notes to the financial statements	9 to 16
The following pages do not form part of the financial statements	
Detailed profit and loss account	18
Notes to the detailed profit and loss account	19 to 20

HEATHROW CARGO HANDLING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

K. Purdom (retired - 30 June 2002)
F. Gagey (alternate)
J. Willis
J-L. H. Servant (retired - 28 March 2001)
P-H. Paillet (retired - 11 December 2001)
J. O'Brien (retired - 18 April 2002)
A. Pages
J. P. Moreau (appointed - 28 March 2001)
M. L. Nail (appointed - 18 April 2002)
G.I. Morgan (appointed - 18 April 2002)
P.E.J. Bluth (appointed - 1 February 2002)

COMPANY SECRETARY

J. Krasucki

REGISTERED OFFICE

Building 558
Shoreham Road West
Heathrow Airport
Hounslow
Middlesex
TW6 3RN

AUDITORS

Menzies
Chartered Accountants
& Registered Auditors
Bridge House
Bridge Street
Staines
Middlesex
TW18 4TW

BANKERS

Barclays Bank Plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

HEATHROW CARGO HANDLING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year comprised that of providing cargo handling services at Heathrow airport.

The directors are satisfied with the results for the year. Turnover has increased and trading performance has improved with reduced losses in the current year.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

None of the directors who served the company during the year had any beneficial interests in the shares of the company.

INTRODUCTION OF THE EURO

The directors have reviewed the potential impact of the introduction of the Euro and consider that this should have no adverse effect on the business of the company.

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 year and of the profit or loss for the year 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; 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.

HEATHROW CARGO HANDLING LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2001

AUDITORS

A resolution to re-appoint Menzies as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Building 558
Shoreham Road West
Heathrow Airport
Hounslow
Middlesex
TW6 3RN

Signed by order of the directors



A. Pages
Director

Approved by the directors on 28/1/03

HEATHROW CARGO HANDLING LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2001

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state 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 shareholders 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Bridge House
Bridge Street
Staines
Middlesex
TW18 4TW

Menzies

MENZIES
Chartered Accountants
& Registered Auditors

28 February 2003

HEATHROW CARGO HANDLING LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
TURNOVER	2	8,663,627	7,404,567
Depreciation		318,128	331,783
Administrative expenses		8,403,773	7,286,862
Other operating income	3	(44,766)	(28,233)
OPERATING (LOSS)	4	(13,508)	(185,845)
Interest receivable and similar income		3,038	23,388
Interest payable	6	(60,429)	(49,942)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(70,899)	(212,399)
Tax on loss on ordinary activities	7	53,002	(64,049)
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(123,901)</u>	<u>(148,350)</u>

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

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

The notes on pages 9 to 16 form part of these financial statements.

HEATHROW CARGO HANDLING LIMITED


BALANCE SHEET

31 DECEMBER 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	2,097,161	2,341,333
CURRENT ASSETS			
Debtors	10	2,725,219	2,108,429
Cash at bank		1,181	165
		<u>2,726,400</u>	<u>2,108,594</u>
CREDITORS: Amounts falling due within one year	11	<u>3,625,995</u>	<u>3,130,776</u>
NET CURRENT LIABILITIES		(899,595)	(1,022,182)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,197,566</u>	<u>1,319,151</u>
CREDITORS: Amounts falling due after more than one year	12	<u>15,899</u>	<u>13,583</u>
		<u>1,181,667</u>	<u>1,305,568</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	800,000	800,000
Profit and Loss Account	18	381,667	505,568
SHAREHOLDERS' FUNDS	19	<u>1,181,667</u>	<u>1,305,568</u>

These financial statements were approved by the directors on the 28/1/03 and are signed on their behalf by:


J. Willis


A. Pages

The notes on pages 9 to 16 form part of these financial statements.

HEATHROW CARGO HANDLING LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2001

	2001		2000
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		53,300	1,236,033
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	3,038		23,388
Interest paid	(60,429)		(49,942)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(57,391)	(26,554)
TAXATION		(40,502)	(171,279)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(73,956)		(1,079,807)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(73,956)	(1,079,807)
CASH OUTFLOW BEFORE FINANCING		(118,549)	(41,607)
FINANCING			
Repayment of long-term amounts owed to group undertakings	—		(612,500)
Capital element of finance leases	(95,242)		115,281
Net inflow/(outflow) from other long-term creditors	—		(95,968)
NET CASH OUTFLOW FROM FINANCING		(95,242)	(593,187)
DECREASE IN CASH		(213,791)	(634,794)
RECONCILIATION OF OPERATING PROFIT/ (LOSS) TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES			
	2001		2000
	£		£
Operating (loss)	(13,508)		(185,845)
Depreciation	318,128		331,783
Increase in debtors	(618,258)		(542,498)
Increase in creditors	366,938		1,632,593
Net cash inflow from operating activities	<u>53,300</u>		<u>1,236,033</u>

The notes on pages 9 to 16 form part of these financial statements.

HEATHROW CARGO HANDLING LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2001

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001		2000
	£	£	£
Decrease in cash in the period	(213,791)		(634,794)
Net cash outflow from long-term amounts owed to group undertakings	—		612,500
Cash outflow in respect of finance leases	95,242		(115,281)
Net cash (inflow) from/outflow from other long-term creditors	—		95,968
		(118,549)	(41,607)
Change in net debt		(118,549)	(41,607)
Net debt at 1 January 2001		(238,246)	(196,639)
Net debt at 31 December 2001		(356,795)	(238,246)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2001 £	Cash flows £	At 31 Dec 2001 £
Net cash:			
Cash in hand and at bank	165	1,016	1,181
Overdrafts	(123,130)	(214,807)	(337,937)
	(122,965)	(213,791)	(336,756)
Debt:			
Finance lease agreements	(115,281)	95,242	(20,039)
Net debt	(238,246)	(118,549)	(356,795)

The notes on pages 9 to 16 form part of these financial statements.

HEATHROW CARGO HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The company relies upon its shareholder companies, Air France S.A. and Servisair plc, to provide financial support in the form of extended credit terms for services supplied and security for bank facilities granted.

The going concern concept adopted by the company is contingent upon the continued support of the shareholder companies. Both companies have confirmed that they have the ability and it is their intention to provide such support as is necessary for at least one year from the date of the signing of the balance sheet. Accordingly, these accounts have been drawn up on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

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:

Airport equipment	10 years
Motor vehicles	5 years
Furniture and fittings	4 - 10 years
Computer equipment	4 years
PIA shed	4 years

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Lease commitments

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under finance leases are capitalised in the balance sheet at their fair value and are depreciated over the shorter of the term of the lease and their estimated useful economic lives. Future instalments under such leases, net of finance charges, are included within creditors.

Finance charges and interest in connection with finance leases are charged to the profit and loss account in line with prescribed accounting practise.

Pension fund arrangements

The company participates in two pension fund arrangements providing benefits on final pensionable pay. Contributions made by the company and its employees are administered by trustees in a fund independent from the company's assets.

Contributions, which spread the cost of the pensions over employees' working lives with the company, are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

These financial statements are prepared on the SSAP 24 basis but the notes include both SSAP 24 and FRS 17 disclosures.

HEATHROW CARGO HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made for deferred taxation on the liability method. Provision is made only to the extent that it is probable that an actual liability will crystallise in the foreseeable future. Such tax not provided for is disclosed as a contingent liability. Any deferred tax asset is not generally provided for unless it is expected to be recoverable.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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:

	2001 £	2000 £
United Kingdom	<u>8,663,627</u>	<u>7,404,567</u>

3. OTHER OPERATING INCOME

	2001 £	2000 £
Rent receivable	<u>44,766</u>	<u>28,233</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2001 £	2000 £
Directors' emoluments	—	—
Depreciation	318,128	331,783
Auditors remuneration		
- as auditors	10,750	10,500
Operating lease costs:		
Land and buildings	1,216,773	866,683
Vehicles	11,559	11,846
Net loss/(profit) on foreign currency translation	<u>62</u>	<u>(12)</u>

5. PARTICULARS OF EMPLOYEES

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

	2001 No.	2000 No.
Number of administrative staff	16	16
Number of operations staff	151	144
	<u>167</u>	<u>160</u>

HEATHROW CARGO HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

5. PARTICULARS OF EMPLOYEES (*continued*)

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	4,096,549	3,506,404
Social security costs	260,647	272,151
Other pension costs	259,778	153,711
	<u>4,616,974</u>	<u>3,932,266</u>

The directors received no emoluments during the year.

6. INTEREST PAYABLE

	2001	2000
	£	£
Interest payable on bank borrowing	17,554	4,510
Other similar charges payable	42,875	45,432
	<u>60,429</u>	<u>49,942</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

Taxation

	2001	2000
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2000 - 20%)	12,500	(96,681)
Over/under provision in prior year	40,502	32,632
Total current tax	<u>53,002</u>	<u>(64,049)</u>

HEATHROW CARGO HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

8. PENSION COMMITMENTS

All employees previously employed by Air France continue to participate in the Air France pension scheme. These employees remain within the Air France pension scheme as a separate group and any benefits from the scheme will be apportioned amongst those members only. This is a managed fund, funded by contributions from employees and from the company at rates determined by the advice of independent actuaries. The plan is self administered and contributions are invested independently of the company's assets.

The most recent full valuation of the Air France pension scheme was at 1 April 2000, with an updated valuation taking place at 30 September 2001. Both valuations were performed using the Projected Unit Method. In the full valuation, it was assumed that the investment returns would be 6 per cent per annum, that salary increases would average 5 per cent per annum and that present and future pensions would increase at the rate of 5 per cent per annum. This valuation showed that the market value of the scheme's assets was £35,938,000 and that the actuarial value of those assets at £34,482,000 represented 96 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings; Heathrow Cargo Handling Limited's group elements shows a 15 per cent deficit. On the recommendation of the actuary the company pays additional contributions of £130,000 per annum for ten years to address the afore-mentioned deficit, with payments having commenced in April 2001.

In the updated valuation it was assumed that the investment returns would be 6 per cent per annum, that salary increases would average 4.75 per cent per annum and that present and future pensions would increase at the rate of 5 per cent per annum (for pre April 2001 benefits) and 2.75 per cent per annum (for post April 2001 benefits). This most recent update showed that the market value of the scheme's assets was £30,430,000 and the actuarial value of the assets at £34,428,000 represented 113 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings. Heathrow Cargo Handling Limited's group element was not analysed out in the updated version.

Contributions for other employees were made into the Servisair Group pension plan, details of which are disclosed in the Servisair plc statutory accounts. This scheme consists of both defined benefit and defined contribution sections and operates on a pre-funded basis with contributions by employees and the company. The plan itself is self-administered and invested independently of the company's assets. The funding policy of the company is to contribute such variable amounts as, on the advice of the actuary, will achieve a 100 per cent funding level on a projected salary basis. Actuarial assessments covering expense and contributions are carried out by independent qualified actuaries, with the last such review having been carried out as at 1 April 2000.

There were no material prepaid or accrued contributions as at the balance sheet date.

The charge to the profit and loss account in respect of pension contributions for the year is as follows, 2001 £259,778 (2000- £153,711). Contributions to the two schemes were split Air France £236,867 (2000- £136,344) and Servisair plc £22,911 (2000- £17,367).

Additional disclosures arising from FRS 17

The contribution rate for future years is 17.5 per cent plus £130,000 per annum for 10 years to address the company's deficit as mentioned above.

The main financial assumptions used at the balance sheet date are a price inflation rate of 2.75 per cent per annum nominal rate, increases in salaries of 4.75 per cent per annum nominal rate, pension increases of 5.00 per cent per annum nominal rate for pre April 2001 benefits and 2.75 per cent per annum nominal rate for post April 2001 benefits.

The fair value of scheme assets was £4.8m with the scheme's liabilities valued at £6.1m, resulting in a £1.3m deficit.

HEATHROW CARGO HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Equipment, fixtures, fittings and tools £	Total £
COST			
At 1 January 2001	17,402	3,460,564	3,477,966
Additions	—	73,956	73,956
Disposals	—	(6,000)	(6,000)
At 31 December 2001	<u>17,402</u>	<u>3,528,520</u>	<u>3,545,922</u>
DEPRECIATION			
At 1 January 2001	—	1,136,633	1,136,633
Charge for the year	—	318,128	318,128
On disposals	—	(6,000)	(6,000)
At 31 December 2001	<u>—</u>	<u>1,448,761</u>	<u>1,448,761</u>
NET BOOK VALUE			
At 31 December 2001	<u>17,402</u>	<u>2,079,759</u>	<u>2,097,161</u>
At 31 December 2000	<u>17,402</u>	<u>2,323,931</u>	<u>2,341,333</u>

Finance lease agreements

Included within the net book value of £2,097,161 is £277,657 (2000 - £336,226) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £58,569 (2000 - £58,569).

10. DEBTORS

	2001 £	2000 £
Trade debtors	1,560,589	955,610
Amounts owed by group undertakings	388,464	625,308
Other debtors	283,884	255,277
Prepayments and accrued income	492,282	272,234
	<u>2,725,219</u>	<u>2,108,429</u>

11. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	337,937	123,130
Trade creditors	1,180,380	1,059,219
Amounts owed to group undertakings	1,438,561	1,025,636
Other creditors including taxation and social security:		
Corporation tax	12,500	—
Other taxation and social security	174,222	80,353
Finance lease agreements	4,140	101,698
Other creditors	—	2,255
Accruals and deferred income	478,255	738,485
	<u>3,625,995</u>	<u>3,130,776</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

HEATHROW CARGO HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

12. CREDITORS: Amounts falling due after more than one year

	2001 £	2000 £
Other creditors:		
Finance lease agreements	15,899	13,583

13. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2001 £	2000 £
Amounts payable within 1 year	4,140	101,698
Amounts payable between 2 to 5 years	15,899	13,583
	<u>20,039</u>	<u>115,281</u>

14. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2001 £	2000 £
Excess of taxation allowances over depreciation on fixed assets	199,850	201,000

Deferred tax is not provided in the financial statements as the directors confirm that the capital expenditure projections in place for the foreseeable future indicate that the deferred tax provision would not crystallise and therefore it is only disclosed as a contingent liability.

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	2001		2000	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	8,868	—	6,505
Within 2 to 5 years	—	35,003	—	7,995
After more than 5 years	725,000	10,369	84,000	—
	<u>725,000</u>	<u>54,240</u>	<u>84,000</u>	<u>14,500</u>

HEATHROW CARGO HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

16. RELATED PARTY TRANSACTIONS

The following information is provided in accordance with Financial Reporting Standard No. 8 as being the only related party relationships that existed during the year.

Related parties:

Air France S.A. and Servisair plc.

Nature of relationship:

The two companies both own 50% of the issued ordinary share capital of Heathrow Cargo Handling Limited.

Transactions:

Subordinated loans of £306,250 from Air France S.A. and £306,250 from Servisair plc that were advanced in previous years were still outstanding at the end of the financial year. The loans are repayable on demand when cashflow permits. At the year end there was an intercompany trading balance payable of £826,061 (2000- £413,136), made up of a £737,411 (2000- £336,013) intercompany trading balance payable to Air France S.A. and an intercompany trading balance payable of £88,650 (2000- £77,123) to Servisair plc. In addition there was an intercompany trading balance receivable of £325,663 (2000- £597,158) made up of £157,419 (2000- £330,433) from Air France S.A. and an intercompany balance receivable from Servisair plc of £168,244 (2000- £266,725).

The company also provides cargo handling services for Air France Servisair Limited, a company in which Air France S.A. and Servisair plc both have a material shareholding. During the year, Heathrow Cargo Handling Limited provided services to Air France Servisair Limited with a value of £115,890 (2000- £350,202). As at 31 December 2001 the company was owed £62,801 (2000- £28,150) from Air France Servisair Limited.

17. SHARE CAPITAL

Authorised share capital:

	2001 £	2000 £
400,000 Ordinary Class A shares of £1 each	400,000	400,000
400,000 Ordinary Class B shares of £1 each	400,000	400,000
	<u>800,000</u>	<u>800,000</u>

Allotted, called up and fully paid:

	2001 No.	£	2000 No.	£
Ordinary Class A shares	400,000	400,000	400,000	400,000
Ordinary Class B shares	400,000	400,000	400,000	400,000
	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

The 'A' and 'B' shares have equal rights and rank equally on any winding up.

18. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
Balance brought forward	505,568	653,918
Accumulated loss for the financial year	(123,901)	(148,350)
Balance carried forward	<u>381,667</u>	<u>505,568</u>

HEATHROW CARGO HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Loss for the financial year	(123,901)	(148,350)
Opening shareholders' equity funds	1,305,568	1,453,918
Closing shareholders' equity funds	<u>1,181,667</u>	<u>1,305,568</u>

20. CAPITAL COMMITMENTS

As at 31 December 2001 there were no capital commitments (2000- £nil).

21. CONTINGENT LIABILITIES

As at 31 December 2001 there were no contingent liabilities, other than those already provided for in the financial statements (2000- £nil).

22. ULTIMATE CONTROLLING ENTITY

The directors consider the ultimate controlling entities to be Air France S.A., a company incorporated in France and Servisair plc, a company incorporated in England and Wales, by virtue of them owning the share capital of the company. The controlling company of Servisair plc is Penauille, a company incorporated in France. The directors consider there are no ultimate controlling entities of Air France S.A. and Penauille.

