Plane Handling Limited

Report and Financial Statements

1 July 2006

Plane Handling Limited
Registered No 3091040

Directors
I P Butcher
A Dodgson
R Williams
K L Ludeman

Secretary
C Sephton

Auditor
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers
The Royal Bank of Scotland plc
135 Bishopgate
London
EC2M 3UR

Solicitors
Dickinson Dees LLP
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3rd Floor
41-51 Grey Street
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Plane Handling Limited

Directors' report

The directors present their report and financial statements for the year ended 1 July 2006

Results and dividends

The profit for the year, after taxation, amounted to £2,953,000 (2005 - £2,855,000) The directors have not recommended a dividend

Principal activities and review of the business

The principal activity of the company throughout the year was aviation ground handling services

The business performed well in the year and in line with the Directors expectations, with a 47% increase, on the 2004/5 year, in Turnover to £46,724,000 generating an increase, on the 2004/5 year, in profit before tax from £3,803,000 in 2004/5 year to £4,311,000 in the 2005/6 year

The Heathrow Cargo facilities showed an increase in profit contribution over the 2004/5 year This was largely due to increased cargo tonnages passing through the facilities both from additional volumes for current customers and the introduction of new contracts, particularly at the Building 549 facility This volume increase was partly offset by a deterioration in the pricing and mix at these facilities, which gave a net 18 8% increase in turnover in the 2005/6 year to the 2004/5 year Contract changes towards the end of the 2005/6 year and expected new contracts early in the 2006/7 year plus the re-balancing of customer contracts between two of the facilities are expected to improve profit contribution in the 2006/7 year for the Building 549 and Radius Park facilities The Directors expect this to be largely offset by additional costs, in excess of revenue increases, due to temporary capacity constraint issues at the Cargo Point facility, whilst a new facility is being completed

The two regional non-carrier dedicated Cargo facilities at Manchester and Glasgow have seen a turn around into making a positive profit contribution in the year with the small negative contribution made in 2004/5 being turned into a modest positive one in the 2005/6 year This has been largely due to the winning of new contracts for these facilities which have increased cargo tonnages passing through these facilities In Glasgow this has been assisted by improved pricing and mix on this new business The full year effects of these contracts are expected to show further growth in volumes and profit contribution in the 2006/7 year

The Ramp Handling operation at Heathrow also showed an increase in profit contribution on the 2004/5 year This was largely due to increased volumes with aircraft turnarounds handled up to 10,780 in the year, an increase of 26 3% on the 8,533 turnarounds handled in 2004/5 This was due both to growth in current customer's volumes and the addition and full year effects of new carriers The effect on profits was enhanced by the favourable mix of the carrier's schedules reducing the increase in costs required to handle this volume growth Further volume growth is expected in the 2006/7 year due to further increases in flights by current carriers and anticipated new carrier contracts, but the scheduling mix is anticipated to minimise profit contribution growth on the 2005/6 year

The operating cost increase is partly due to Plane Handling bearing its share of group corporate costs and of the restructuring costs required to achieve future synergies These synergies are anticipated to show a full year effect in the 2006/7 year, minimising the corporate cost rise for the company in that year

The directors believe that the 2006/7 year should show continued growth in turnover in the business, but with increased difficulties in the operating environment at Heathrow due particularly to security issues, some adverse changes in scheduling mix in the Heathrow Ramp product and some temporary additional costs due to volume constraints at one of the dedicated Heathrow Cargo facilities, the 2006/7 profitability is expected to be in line with the 2005/6 performance

Financial risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below Given that the majority of the risks below derive from transactions with other group companies, the company does not undertake any hedging activity locally Significant financial risks from a group perspective are addressed on a case-by-case basis at group level

Plane Handling Limited

Directors' report

Interest rate risk

All surplus cash is swept by the ultimate parent company, which is invested at a group level Interest is charged at a variable rate on group loans Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates However, the exposure is reduced because of the group control

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates

Credit risk

The company manages its debtors on an ongoing basis and significant resource is put into mitigating credit risk

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations in line with group policies A cash sweeping facility exists with the ultimate parent company and therefore further information regarding the liquidity risk can be found in the group financial statements Capital expenditure is approved at group level

Foreign currency risk

The company has no foreign currency risk, all of the transactions, assets and liabilities are in sterling

Directors and their interests

The directors at 1 July 2006 and their interests in the share capital of the parent company were as follows

		At 1 July 2006	*At 3 July 2005*
C Moyes (resigned 8 July 2006)			
I P Butcher			
R J Hunt (resigned 8 February 2006)			
R Williams	Ordinary shares	-	-
	share options	219	219

Subsequent to the year end, the following was appointed as a director of the company
K L Ludeman (appointed 10 July 2006) A Dodgson (appointed 20 October 2006)

Messrs 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

Management and staff

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

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

Plane Handling Limited

Directors' report

Creditor payment policy and practice

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 1 July 2006, the company had an average of 42 days purchases outstanding in trade creditors (2005 - 41 days)

Directors' responsibilities for audit information

In so far as the directors are aware

- There is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor

A resolution in accordance with Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 28 October 2004 and accordingly Ernst & Young LLP shall be deemed reappointed as auditors

Registered office
3rd Floor
41-51 Grey Street
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NE1 6EE

By order of the board

C Sephton
Secretary
26 April 2007

Plane Handling Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies 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 that 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 They 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

Independent auditor's report

to the members of Plane Handling Limited

We have audited the company's financial statements for the year ended 1 July 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 22 These financial statements have been prepared under 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 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

Respective responsibilities of directors and auditor

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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, and whether the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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

Independent auditor's report

to the members of Plane Handling Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 July 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

27 April 2007

Plane Handling Limited

Profit and loss account

for the year ended 1 July 2006

	Notes	*Year to 1 July 2006 £000*	*Period to 2 July 2005 £000*
Turnover	2	46,724	31,808
Operating costs	3	(42,339)	(29,097)
Operating profit	4	4,385	2,711
Profit on sale or termination of an operation	5	–	1,072
Profit before interest		4,385	3,783
Interest receivable and similar income	8	1	94
Interest payable and similar charges	9	(75)	(74)
Profit on ordinary activities before taxation		4,311	3,803
Tax on profit on ordinary activities	10	(1,358)	(948)
Profit for the financial year transferred to reserves		2,953	2,855

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £2,953,000 attributable to the shareholders for the year ended 1 July 2006 (2005 - profit of £2,855,000)

All activities are continuing

Plane Handling Limited

Balance sheet

at 1 July 2006

	Notes	*1 July 2006 £000*	*2 July 2005 £000*
Fixed assets			
Intangible assets	11	528	708
Tangible assets	12	5,474	5,520
		6,002	6,228
Current assets			
Stocks		88	77
Debtors	13	13,319	10,674
Cash at bank		–	179
		13,407	10,930
Creditors amounts falling due within one year	14	5,127	5,574
Net current assets		8,280	5,356
Total assets less current liabilities		14,282	11,584
Creditors amounts falling due after more than one year	15	736	991
		13,546	10,593
Capital and reserves			
Equity share capital	20	2,000	2,000
Profit and loss account	21	11,546	8,593
	21	13,546	10,593

I P Butcher
Director

26 April 2007

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

1. Accounting policies

Basis of accounting

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

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards

- the final transitional arrangements requiring full adoption of FRS 17 'Retirement Benefits', and

- FRS 21 'Events after the Balance Sheet date'

FRS 17 'Retirement Benefits'

The company is part of a multi employer defined benefit scheme, which is held in a separately administered funds The company has adopted FRS 17 during the year Prior to adopting FRS 17, the company accounted for pension costs in line with SSAP 24

In accordance with FRS17, the company, has accounted 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 net assets and liabilities in the scheme on a consistent and reasonable basis

The amounts charged to operating profit regarding the defined benefit scheme are the employer contributions

There has been no impact to the results in the current or prior years as a result of this change in accounting policy

Full FRS17 disclosure relating to the entire defined benefit scheme are shown in the balance sheet notes

FRS 21 'Events after the Balance Sheet date'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date, even if those dividends are paid or approved by the shareholders before the financial statements are authorised for issue The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements Previously, proposed equity dividends were recorded as liabilities at the balance sheet date

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 consolidated financial statements

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Leasehold property	-	Length of lease
Plant & machinery	-	4 - 10 years

Plane Handlıng Lımıted

Notes to the financial statements

at 1 July 2006

1. Accounting policies (contınued)

Stocks

Stocks are stated at the lower of cost and net realısable value Cost ıncludes all costs ıncurred ın brıngıng each product to ıts present locatıon and condıtıon

Net realısable value ıs based on estımated sellıng prıce less any further costs expected to be ıncurred to completıon and dısposal

Deferred taxation

The charge for taxatıon ıs based on the profit for the year and takes ınto account taxatıon deferred because of tımıng dıfferences between the treatment of certaın ıtems for taxatıon and accountıng purposes

Deferred Tax ıs provıded for on all tımıng dıfferences whıch have orıgınated but not reversed at the balance sheet date Except where otherwıse requıred by accountıng standards, no tımıng dıfferences are recognısed ın respect of

- Property revaluatıon surpluses where there ıs no commıtment to sell the asset,
- Gaıns on sale of assets where those gaıns have been rolled over ınto replacement assets, and
- Deferred tax assets except to the extent that ıt ıs more lıkely than not that they wıll be recovered

Deferred tax ıs calculated at the enacted rates at whıch ıt ıs estımated the tax wıll be payable The deferred tax provısıon ıs not dıscounted to net present value

Leasing and hire purchase commitments

Assets held under finance leases, whıch are leases where substantıally all the rısks and rewards of ownershıp of the asset have passed to the company, and hıre purchase contracts are capıtalısed ın the balance sheet and are deprecıated over theır useful lıves The capıtal elements of future oblıgatıons under the leases and hıre purchase contracts are ıncluded as lıabılıtıes ın the balance sheet

The ınterest elements of the rental oblıgatıons are charged ın the profit and loss account over the perıods of the leases and hıre purchase contracts and represent a constant proportıon of the balance of capıtal repayments outstandıng

Rentals payable under operatıng leases are charged ın the profit and loss account on a straıght lıne basıs over the lease term

Insurance

The company lımıts ıts exposure to the cost of motor, employer and publıc lıabılıty claıms through thırd party ınsurance polıcıes These provıde ındıvıdual claım cover subject to hıgh excess lımıts and an annual aggregate stop loss for total claıms wıthın the excess lımıts An accrual ıs made wıthın "Credıtors amounts fallıng due wıthın one year" for the estımated cost to the company to settle claıms for ıncıdents occurrıng prıor to the balance sheet date The estımatıon of the balance sheet ınsurance accrual ıs made after takıng approprıate professıonal advıce and ıs based on an assessment of the expected settlement on known claıms, together wıth an estımate of settlements that wıll be made ın respect of ıncıdents occurrıng prıor to the balance sheet date but have not yet been reported to the company

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

1. Accounting policies (continued)

Intangible assets

Intangible assets are capitalised at cost and amortised on a straight line basis over their estimated useful lives The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable

2. Turnover

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

An analysis of turnover by geographical market is given below

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
United Kingdom	46,724	31,808

3. Operating costs

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Staff costs	24,039	15,927
Depreciation of tangible fixed assets	1,212	965
Other operating charges	17,088	12,205
	42,339	29,097

4. Operating profit

This is stated after charging

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Auditor's remuneration - audit services	24	25
Depreciation of owned fixed assets	926	749
Depreciation of assets held under hire purchase contracts	286	216
	1,212	965
Operating lease rentals - property	5,305	4,023
Operating lease rentals - other	1,480	1,048
Amortisation of licence costs	180	125

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

5. Exceptional items

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Profit on sale or termination of operation	-	1,072

6. Staff Costs

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Wages and salaries	21,585	14,348
Social security costs	2,177	1,410
Other pension costs	277	169
	24,039	15,927

The monthly average number of employees during the year was as follows

	Year to 1 July 2006 No	*Period to 2 July 2005 No*
Administration	47	208
Maintenance and engineering	2	–
Operations	814	564
	863	772

7. Directors' emoluments

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Emoluments	143	146

	Year to 1 July 2006 No	*Period to 2 July 2005 No*
Members of money purchase pension schemes	1	1

The amounts in respect of the highest paid director are as follows	2006 *£000*	2005 *£000*
Emoluments	143	146

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

8. Interest receivable and similar income

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Bank interest receivable	1	94
	1	94

9. Interest payable and similar charges

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Bank interest payable	1	9
Finance charges payable under hire purchase contracts	74	65
	75	74

10. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Current tax		
UK corporation tax	1,303	885
Tax underprovided in previous years	10	-
Total current tax (note 10(b))	1,313	885
Deferred tax		
Origination and reversal of timing differences	45	63
Tax on profit on ordinary activities	1,358	948

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

10. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Profit on ordinary activities before tax	4,311	3,803
Profit on ordinary activities by rate of tax	1,293	1,141
Capital allowances for the year in excess of depreciation	-	27
Other permanent timing differences	(17)	(322)
Expenses not deductible for tax purposes	27	39
Prior year under provided	10	-
Total current tax (note 10(a))	1,313	885

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

	Year to 1 July 2006 £000	*Period to 2 July 2005 £000*
Included in debtors (note 13)	105	150

	1 July 2006 £000	*2 July 2005 £000*
Capital allowances in advance of depreciation	(146)	(261)
Lease premium	-	377
Other timing differences	251	34
Deferred tax asset	105	150

Plane Handlıng Lımıted

Notes to the financial statements

at 1 July 2006

11. Intangible fixed assets

	Lıcences £000
Cost	
At 3 July 2005 and 1 July 2006	833
Amortısatıon	
At 3 July 2005	125
Provıded durıng the year	180
At 1 July 2006	305
Net book value	
At 1 July 2006	528
At 3 July 2005	708

In 1995 the company acquıred a lıcence to use ıntellectual property and certaın trade marks The cost of the lıcence ıs ıncluded as an ıntangıble fixed asset whıch ıs beıng amortısed over the lıfe of the lıcence perıod of 5 years

12. Tangible fixed assets

	Leasehold Property £000	*Plant & Machınery £000*	*Total £000*
Cost			
At 3 July 2005	2,471	11,531	14,002
Addıtıons	98	896	994
Transfers	–	172	172
At 1 July 2006	2,569	12,599	15,168
Depreciatıon			
At 3 July 2005	1,143	7,339	8,482
Provıded durıng the year	143	1,069	1,212
At 1 July 2006	1,286	8,408	9,694
Net book value			
At 1 July 2006	1,283	4,191	5,474
At 3 July 2005	1,328	4,192	5,520

The net book value of assets above ıncludes an amount of £1,361,000 (2005 - £1,647,000) ın respect of assets held under hıre purchase contracts

12. Tangible fixed assets (contınued)

Capıtal commıtments

	1 July 2006 £000	2 July 2005 £000
Contracted but not provıded for ın the financıal statements	-	3,434

13. Debtors

	1 July 2006 £000	2 July 2005 £000
Trade debtors	7,103	5,752
Amounts due from group undertakıngs	2,920	1,035
Other debtors	–	646
Prepayments and accrued ıncome	3,191	3,091
Deferred taxatıon (note 10 (c))	105	150
	13,319	10,674

14. Creditors: amounts falling due within one year

	1 July 2006 £000	2 July 2005 £000
Bank overdraft	647	–
Oblıgatıons under hıre purchase contracts (note 16)	275	379
Trade credıtors	929	2,222
Corporatıon tax	1,075	198
Other taxatıon and socıal securıty	719	594
Other credıtors	175	447
Accruals and deferred ıncome	1,307	1,734
	5,127	5,574

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

	1 July 2006 £000	2 July 2005 £000
Oblıgatıons under hıre purchase contracts (note 16)	736	991

16. Obligations under hire purchase contracts

The maturıty of these amounts ıs as follows

	1 July 2006 £000	2 July 2005 £000
Amounts payable		
Wıthın one year	275	379
In two to five years	247	289
In over five years	489	702
	1,011	1,370

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

17. Pension commitments

The company participates in a scheme which is part of The Go-Ahead Group Pension Plan The assets of the scheme are held separately from those of the company in an independently administered fund

The most recent actuarial valuation of the scheme was at 5 April 2003 At that date the market value of the assets amounted to £168m, which represented 85% of the value of the accrued liabilities The contributions paid to the scheme are paid in line with the schedule of contributions, being 11% and 10% of pensionable salaries paid to upper and lower tier sections respectively

The defined benefit scheme is effectively closed to new entrants As a result it can be expected that the service cost will increase in future, as a percentage of payroll However, this higher percentage is likely to be applied to a reducing total pensionable payroll

In accordance with FRS 17, the company has accounted 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 following disclosure shows the group position

Main assumptions

	2006	*2005*	*2004*
	%	*%*	*%*
Rate of increase in salaries	4 3	4 1	4 1
Rate of increase in deferred pensions	2 8	2 6	2 6
Discount rate	5 4	5 2	6 0
Inflation assumption	2 8	2 6	2 6

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are

		2006		*2005*		*2004*
	Long-term rate of return expected	*Value*	*Long-term rate of return expected*	*Value*	*Long-term rate of return expected*	*Value*
	%	*£000*	*%*	*£000*	*%*	*£000*
Equities	8 4	211,100	8 3	164,200	8 5	127,400
Bonds	5 2	40,800	4 8	40,500	5 6	53,600
Properties	6 6	22,900	6 5	19,500	–	–
Cash	4 3	22,500	4 1	17,900	4 1	6,000
Total market value of assets		297,300		242,100		187,000
Present value of scheme liabilities		(360,000)		(325,400)		(256,200)
Pension liability before deferred tax		(62,700)		(83,300)		(69,200)
Related deferred tax asset		18,800		25,000		20,800
Net pension liability		(43,900)		(58,300)		(48,400)

Plane Handling Limited

Notes to the financial statements

at 1 July 2006

17. Pension commitments (continued)

Analysis of movements in deficit during the year

	1 July 2006 £000	*2 July 2005 £000*
At 3 July	(83,300)	(69,200)
Current service cost	(6,600)	(5,700)
Net other finance income/(costs)	700	(1,000)
Actuarial gains and losses	23,200	(39,200)
Contributions	3,300	31,800
At 1 July	(62,700)	(83,300)

18. Commitments under operating leases

At 1 July 2006 the company had annual commitments under non-cancellable operating leases as set out below

		1 July 2006		*2 July 2005*
	Land and buildings £000	*Other £000*	*Land and buildings £000*	*Other £000*
Operating leases which expire				
Within one year	580	251	421	243
In two to five years	-	584	-	937
In over five years	4,976	-	4,744	53
	5,556	835	5,165	1,233

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
	1 July 2006 £000	*2 July 2005 £000*
Ordinary shares of £1 each	2,000	2,000

	Allotted, called up and fully paid			
		1 July 2006		*2 July 2005*
	No	*£000*	*No*	*£000*
Ordinary shares of £1 each	2,000,000	2,000	2,000,000	2,000

Notes to the financial statements

at 1 July 2006

21. Reconciliation of shareholders' funds and movement on reserves

	Equity share capital	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*
At 1 October 2004	2,000	5,738	7,738
Retained profit for the 9 months	–	2,855	2,855
At 2 July 2005	2,000	8,593	10,593
Retained profit for the year	–	2,953	2,953
At 1 July 2006	2,000	11,546	13,546

22. Ultimate parent company

The company's immediate parent company is aviance UK Limited 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