

PIK Facilities Ltd

Financial statements for the 13 months ended 30 April 1999
together with directors' and auditors' reports

Registered number: ~~135635~~ *54135365*

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PIK Facilities Ltd

Directors' report

For the 13 months ended 30 April 1999

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 13 month period ended 30 April 1999.

Principal activity and business review

The principal activity of the company is that of a property company providing facilities to the operator and users of Glasgow Prestwick International Airport.

The directors consider the results for the period and the financial position at the period end to be satisfactory.

Results and dividends

Turnover for the period was £4,885,000 (year ended 31 March 1998 - £4,844,000) and the profit on ordinary activities before taxation was £858,000 (year ended 31 March 1998 - £839,000).

No dividend is proposed for the period (year ended 31 March 1998 - £350,000) and the directors recommend that the retained profit for the period of £334,000 (year ended 31 March 1998 - £27,000) be transferred to reserves.

The outlook for the year to 30 April 2000 remains positive and no significant changes in the nature of the business are anticipated.

Directors and their interests

The directors who held office during the period under review were:

Thomas M Wilson

Hugh H Lang

William B Miller (resigned 10 April 1998)

S W Morrison (appointed and resigned 29 April 1998)

Matthew C Hudson (resigned 31 December 1998)

Keith R Cochrane (appointed 14 October 1998)

No director has any interest in the issued share capital of the company. The interests of Keith Cochrane in the issued share capital of the ultimate parent company are shown in the financial statements of Stagecoach Holdings plc. The interests of Thomas M Wilson and Hugh H Lang in the issued share capital of the ultimate parent company are disclosed in the financial statements of Glasgow Prestwick International Airport Ltd.

Directors' report (continued)

For the 13 months ended 30 April 1999

Year 2000 compliance

After an initial assessment of the potential impact of the year 2000 on the company, a plan has been developed to ensure that all significant risks are addressed well in advance of critical dates and with minimum disruption to the business. The execution of this plan is progressing in line with time scales set. Where risks have been identified in relation to other commercial entities and government bodies, our plans include monitoring such organisations and obtaining written assurances where appropriate. Key suppliers have been contacted and have provided Year 2000 assurances. The Board is confident that we will achieve year 2000 compliance in all areas which have a potentially significant impact on the business and that the cost of doing so will not have a material effect on the company.

Employees

The company recognises its obligations to give disabled people full and fair consideration for all vacancies subject to the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain existing employees who become disabled and at the same time provide fair opportunities for the career development of disabled people.

During the period under review, arrangements have been maintained whereby employees of the company are systematically provided with information on matters of concern to them as employees. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

PIK Facilities Ltd

Directors' report (continued)

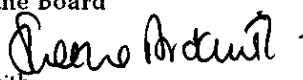
For the 13 months ended 30 April 1999

Auditors

A resolution to reappoint Arthur Andersen as auditors will be proposed at the Annual General Meeting.

Glasgow Prestwick International Airport
Prestwick, KA9 2PL

By order of the Board


Sheena Beckwith
Company Secretary

1 September 1999

PIK Facilities Ltd

Auditors' report

For the 13 months ended 30 April 1999

Glasgow

To the Shareholders of PIK Facilities Limited:

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 company's state of affairs at 30 April 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

191 West George Street

Glasgow

G2 2LB

1 September 1999

PIK Facilities Ltd

Profit and loss account

For the 13 months ended 30 April 1999

	Notes	13 months ended 30 April 1999 £000	Year ended 31 March 1998 £000
Turnover		4,885	4,844
Operating expenses		<u>(3,846)</u>	<u>(4,043)</u>
Operating profit	2	1,039	801
Interest receivable	3	113	192
Interest payable and similar charges	4	<u>(294)</u>	<u>(154)</u>
Profit on ordinary activities before taxation		858	839
Taxation on profit on ordinary activities	5	<u>(524)</u>	<u>(462)</u>
Profit on ordinary activities after taxation		334	377
Dividends	7	<u>-</u>	<u>(350)</u>
Profit retained for the period		<u>334</u>	<u>27</u>

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

A statement of movements on reserves is included in note 14.

A reconciliation of movement in shareholders' funds is given in note 15.

The accompanying notes form an integral part of this profit and loss account.

PIK Facilities Ltd

Statement of Total Recognised Gains and Losses

For the 13 months ended 30 April 1999

	13 months ended 30 April 1999 £000	Year ended 31 March 1998 £000
Profit for the financial period after taxation and dividends	334	27
Revaluation of certain fixed assets	(16,835)	-
Adjustment to revaluation reserve in respect of remedial work	(15)	(83)
	<u>(16,516)</u>	<u>(83)</u>
Total gains and losses relating to the period	<u>(16,516)</u>	<u>(56)</u>

Note of Historical Cost Profits and Losses

For the 13 months ended 30 April 1999

	13 months ended 30 April 1999 £000	Year ended 31 March 1998 £000
Reported on ordinary activities before taxation	858	839
Difference between actual and historical cost depreciation	524	955
	<u>1,382</u>	<u>1,794</u>
Historical cost profit on ordinary activities before taxation	<u>1,382</u>	<u>1,794</u>
Retained historical cost profit for the period after taxation , interest and dividends	<u>858</u>	<u>982</u>

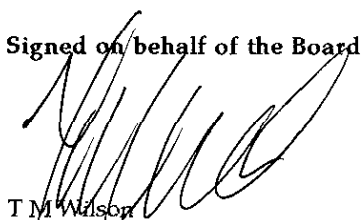
PIK Facilities Ltd

Balance sheet

30 April 1999

	Notes	30 April 1999 £000	31 March 1998 £000
Fixed assets			
Tangible assets	8	50,392	62,668
Current assets			
Debtors	9	3,405	3,727
Cash at bank and in hand		34	45
		3,439	3,772
Creditors: Amounts falling due within one year	10	(5,364)	(2,327)
Net current (liabilities)/assets		(1,925)	1,445
Total assets less current liabilities		48,467	64,113
Creditors: Amounts falling due after more than one year	11	(3,914)	(3,130)
Provisions for liabilities and charges	12	(320)	(234)
Net assets		44,233	60,749
Capital and reserves			
Called up share capital	13	15	15
Revaluation reserve	14	38,098	55,472
Profit and loss account	14	6,120	5,262
Equity Shareholders' funds	15	44,233	60,749

Signed on behalf of the Board



T M Wilson

Director

1 September 1999

The accompanying notes form an integral part of this balance sheet.

PIK Facilities Ltd

Notes to the financial statements

For the 13 months ended 30 April 1999

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, are as follows:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are included at cost or subsequent valuation, less accumulated depreciation, as set out in note 8.

Depreciation is charged on assets from the date they are brought into use and is provided so as to write off the cost or valuation less estimated residual value of assets on a straight line basis over their estimated useful lives, at the following rates:

Freehold and leasehold property	-	1%-5% straight line
Plant and equipment	-	10% straight line
Motor vehicles	-	25% straight line

Freehold land is not depreciated.

Surplus or deficits arising on the revaluation of individual fixed assets are credited or debited to a non-distributable reserve known as the revaluation reserve. Deficits in excess of the revaluation reserve are recorded as impairment losses in the profit and loss account. Depreciation charges based on the revalued amount are charged to the profit and loss account in subsequent years. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from this reserve to the profit and loss account below the profit or loss for the financial period. On the disposal of a revalued fixed asset, the revaluation surplus or deficit relating to that asset is transferred to the profit and loss account.

c) Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and tax computations) is calculated on the liability method. Provision is made for timing differences which, in the opinion of the directors, will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax including that which will probably not reverse, is shown in note 12.

d) Government Grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the life of the related asset. Other grants are credited to the profit and loss account when received.

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

1 Accounting policies (continued)

e) Pension costs

Until 31 March 1999, the company operated a defined contribution pension scheme. From that date, the company became a member company of the Stagecoach Holdings Group Pension scheme, which is a defined benefit scheme. The pension charge represents the amounts payable by the company to the fund in respect of the period to 31 March 1999 together with charges for April 1999 calculated to reflect a substantially level percentage of the current pensionable payroll. Any timing difference between amounts charged in the profit and loss account and paid to the pension fund is shown in the balance sheet as an asset or a liability. Pension costs and liabilities are determined in accordance with actuarial advice.

f) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are capitalised in the balance sheet as an asset at the equivalent of the purchase price. Obligations arising from hire purchase contracts and finance leases represent the total of the capital payments outstanding at the date of the balance sheet. Future finance charges are not included. Finance charges are calculated in relation to the reducing balance of capital outstanding throughout the contract and charged to the profit and loss account on the same basis.

g) Related party transactions

The company has taken advantage of the FRS 8 exemption from having to provide details of transactions with other group undertakings.

h) Cash flow statement

As permitted by FRS 1 (revised), no cash flow statement has been prepared for the company as it is a subsidiary undertaking of an EC registered parent, Stagecoach Holdings plc, whose group financial statements include a consolidated cash flow statement.

i) Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and consists entirely of turnover arising in the United Kingdom.

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

2 Operating profit

Operating profit is arrived at after charging/(crediting):

	13 months ended 30 April 1999	Year ended 31 March 1998
	£000	£000
Depreciation on owned tangible fixed assets	699	1,004
Depreciation on fixed assets held under finance leases	248	286
Auditors' remuneration	-	5
Hire of plant and machinery – operating leases	3	-
Profit on sale of fixed assets	-	(12)
Government grant releases	(51)	(29)

Auditors' remuneration is borne by the immediate parent company, Prestwick Aviation Holdings Limited.

3 Interest receivable

	13 months ended 30 April 1999	Year ended 31 March 1998
	£000	£000
Bank and other interest receivable	113	168
Interest receivable from other group undertakings	-	24
	<u>113</u>	<u>192</u>

4 Interest payable

	13 months ended 30 April 1999	Year ended 31 March 1998
	£000	£000
On bank loans, overdrafts and other loans repayable within 5 years	178	124
Interest payable to ultimate parent company	115	-
On finance leases and hire purchase contracts	-	25
Other interest	1	5
	<u>294</u>	<u>154</u>

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

5 Taxation

	13 months ended 30 April 1999 £000	Year ended 31 March 1998 £000
Current period		
UK Corporation tax	438	570
Deferred taxation	75	(83)
	<u>513</u>	<u>487</u>
Prior periods		
UK Corporation tax	-	(206)
Deferred taxation	11	181
	<u>524</u>	<u>462</u>

6 Information on directors and employees

Staff costs (including directors) consist of:

	13 months ended 30 April 1999 £000	Year Ended 31 March 1998 £000
Wages and salaries	339	244
Social security costs	31	25
Pension costs	8	6
	<u>378</u>	<u>275</u>

The average number of employees (including directors) during the period was as follows:

	13 months ended 30 April 1999 Number	Year Ended 31 March 1998 Number
Operational	21	17
Administrative and managerial	2	3
	<u>23</u>	<u>20</u>

The directors received no remuneration from the company during the period (year ended 31 March 1998: £Nil), as all the directors were remunerated by other group companies.

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

7 Dividends

	13 months ended 30 April 1999 £000	Year Ended 31 March 1998 £000
At Nil per ordinary share (1998: £23.33 per ordinary £1 share)	-	350

8 Tangible fixed assets

	Freehold property £000	Long leasehold Property £000	Plant and machinery £000	Motor Vehicles £000	Total £000
Cost or valuation					
At 1 April 1998	35,924	27,900	2,358	47	66,229
Additions	5,453	-	53	-	5,506
Revaluation (i)	(10,596)	(5,495)	(744)	-	(16,835)
Disposals	-	-	-	-	-
At 30 April 1999	30,781	22,405	1,667	47	54,900
Depreciation					
At 1 April 1998	1,780	558	1,200	23	3,561
Charge for the period	526	240	173	8	947
Disposals	-	-	-	-	-
At 30 April 1999	2,306	798	1,373	31	4,508
Net book value					
At 30 April 1999	28,475	21,607	294	16	50,392
At 31 March 1998	34,144	27,342	1,158	24	62,668

Included in property are assets valued at £13,000,149 (1998: £11,525,149), which are not depreciated. Also included in property are assets under construction of £524,905 (1998: £603,362). These have not been depreciated.

Motor vehicles includes assets with a net book value of £15,625 (1998: £23,750) held under finance leases.

(i) On 30 April 1999, the property of the company was valued by the directors of Stagecoach Holdings plc, in connection with the acquisition of the company by the Stagecoach group.

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

8 Tangible fixed assets (continued)

Certain leasehold and heritable properties at Glasgow Prestwick International Airport were revalued at 30 April 1998. If these properties had not been revalued they would be included at the following amounts.

	30 April 1999 £000	31 March 1998 £000
Historic Cost	12,668	7209
Depreciation	(1,049)	(795)
Net book value	<u>11,619</u>	<u>6414</u>

9 Debtors

	30 April 1999 £000	31 March 1998 £000
Trade debtors	253	578
Amounts owed by other group undertakings	2,976	2,849
Prepayments and accrued income	176	300
	<u>3,405</u>	<u>3,727</u>

10 Creditors: Amounts falling due within one year

	30 April 1999 £000	31 March 1998 £000
Bank loans (Note 11a)	100	100
Other loans	-	8
Net obligations under finance leases and hire purchase contracts	118	139
Trade creditors	-	2
Amounts owed to group companies	3,847	350
Corporation tax	585	466
Accruals and deferred income	708	1,152
Other taxes and VAT	6	110
	<u>5,364</u>	<u>2,327</u>

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

11 Creditors: Amounts falling due after more than one year

	30 April 1999 £000	31 March 1998 £000
Bank loans (note 11a)	1,600	1,725
Deferred grants (note 11b)	2,139	1,091
Net obligations under finance lease and hire purchase contracts	175	314
	<u>3,914</u>	<u>3,130</u>

a) A term loan from the Royal Bank of Scotland plc is repayable by 59 quarterly instalments of £25,000, commencing October 1997, and a final instalment of £425,000. Interest is charged at 1.25% per annum above LIBOR.

b) Deferred grants

	30 April 1999 £000	31 March 1998 £000
At 1 April 1998	1,091	1,120
Grants received	1,099	-
Released to profit and loss account	(51)	(29)
At 30 April 1999	<u>2,139</u>	<u>1,091</u>

12 Provisions for liabilities and charges

Deferred Taxation	30 April 1999		31 March 1998	
	Unprovided £000	Provided in Accounts £000	Unprovided £000	Provided in Accounts £000
Accelerated capital allowances	-	479	-	401
Potential taxation that would arise if revalued assets were to be disposed of at their revalued amounts	<u>11,224</u>	<u>(159)</u>	<u>15,514</u>	<u>(167)</u>
	<u>11,224</u>	<u>320</u>	<u>15,514</u>	<u>234</u>

Potential taxation that would arise if revalued assets were to be disposed of at their revalued amounts.

13 Share capital

	30 April 1999 £000	31 March 1998 £000
<i>Authorised:</i>		
15,000 ordinary shares of £1 each	<u>15</u>	<u>15</u>
<i>Allotted, issued and fully paid</i>		
15,000 ordinary shares of £1 each	<u>15</u>	<u>15</u>

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

14 Reserves

a) Revaluation reserve

	£000
At 1 April 1998	55,472
Revaluation of tangible fixed assets	(16,835)
Adjustment to revaluation reserve	(15)
Transfer to profit and loss account of difference between actual and historical cost depreciation	(524)
At 30 April 1999	<u>38,098</u>

b) Profit and loss account

	£000
At 1 April 1998	5,262
Retained profit for the period	334
Transfer from revaluation reserve of difference between actual and historical cost depreciation	524
At 30 April 1999	<u>6,120</u>

15 Reconciliation of movements in shareholders' funds

	13 months ended 30 April 1999 £000	Year ended 31 March 1998 £000
Profit for the period	334	27
Other recognised gains and losses	(16,850)	(83)
	(16,516)	(56)
Opening shareholders' funds	60,749	60,805
Closing shareholders' funds	<u>44,233</u>	<u>60,749</u>

16 Guarantees and other financial commitments

- The company has entered into cross company guarantees in favour of the Royal Bank of Scotland plc with its immediate parent company and certain fellow subsidiaries in respect of group facilities.
- The Royal Bank of Scotland plc has a bond and floating charge over certain assets of the company and a standard security over certain property at Glasgow Prestwick International Airport.
- There were commitments for capital expenditure totalling £1,967,951 at 30 April 1999 (1998: £4,222,000).
- The company has issued a bond in favour of Railtrack plc for £275,000.

PIK Facilities Ltd

Notes to the financial statements (continued)

For the 13 months ended 30 April 1999

17 Ultimate parent company

The company's immediate parent company is Prestwick Aviation Holdings Ltd, registered in Scotland (number 130620). The company's ultimate parent company is Stagecoach Holdings plc. (number 100764). Prestwick Aviation Holdings Ltd heads the smallest group in which the results of the company are consolidated and Stagecoach Holdings plc heads the largest. Copies of the respective group financial statements are available to the public from the following address:

Stagecoach Holdings plc
Charlotte House
20 Charlotte Street
Perth, PH1 5LL

18 Prior year comparatives

The 1998 figures are shown for comparative purposes only and were audited by a firm of Chartered Accountants other than Arthur Andersen. Certain balances have been reclassified to ensure consistency with current period presentation.