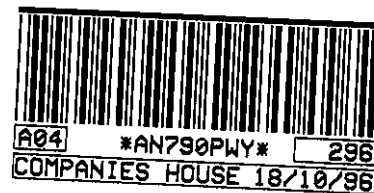


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Reading Transport Limited

Annual report for the year ended 31 March 1996

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Directors' report for the year ended 31 March 1996

The directors present their report and the audited financial statements for the year ended 31 March 1996.

Principal activities

The main activities of the company remain:

- (a) the provision of local bus services within the greater Reading area;
- (b) the operation of the London Line express service between Reading and London;
- (c) the sale of coach holidays and operation of an excursion programme;
- (d) the provision of vehicles and drivers for private hire contracts.

Review of business and future developments

The profit and loss account for the year is set out on page 6.

Trading conditions in the company's mainstream business and the year end financial position were satisfactory, reflecting the Board's policy of continuous improvement.

This trading period was heavily influenced by the effects of Reading Mainline, who continue to operate a competitive bus service in Reading. Despite the detrimental effect their operation has had on the company's income, we have been able to reduce unit costs and increase the company's profitability. Careful introduction of new services and fares initiatives have both been used to maximise the company's competitive position and the directors expect that the present level of activity will be sustained for the foreseeable future.

It is the company's policy to work with both Reading Borough Council and Berkshire County Council to encourage a practical public transport policy within Reading and Newbury. This support has led to the successful relaunching of Berkshire County Council's Transcards and the use of Greenergy fuel by the company's buses during August 1995 to improve air quality in Reading town centre.

The company continues to monitor its effect on the environment and now operates two CNG powered Midibuses in Newbury. It is hoped to carry this work forward if the vehicles operate successfully and their running costs are acceptable.

The company received consent to build a new depot in Great Knollys Street, Reading in late May 1996. Provided the Oracle development proceeds, it is hoped that work will start on Great Knollys Street in September 1996.

Dividends and transfers to reserves

An interim dividend of £240,000 was paid during March 1996 at the request of the shareholder (1995: £240,000). After payment of this dividend, £277,000 of the profit for the financial year will be transferred to the company's reserves. The directors do not recommend the payment of a final dividend for the year.

Directors

The directors of the company at 31 March 1996, all of whom served throughout the year, were:-

Mr A W Page	(Chair)
Mr C Thompson	(Managing Director)
Mr J Carney	(Financial Director and Company Secretary)
Mrs J E Orton	
Mr C R Chandler	
Mr D Downes	
Mr J Cook	
Mr I M Fenwick	

The following directors served for part of the year:-

Mr R C Wilson	(Resigned 1 May 1995)
Mr M D Price	(Resigned 18 May 1995)
Mr R C Taylor	(Resigned 14 September 1995)
Mr R Hughes	(Appointed 22 May 1995)
Mr P Shepherd	(Appointed 22 May 1995 as Engineering Director)
Mr P Hingley	(Appointed 14 September 1995)

The following changes occurred subsequent to 31 March 1996:-

Mr J Cook	(Resigned 2 May 1996, re-appointed 17 June 1996)
Mr C Chandler	(Resigned 17 June 1996)
Ms L Winfield-Chislett	(Appointed 17 June 1996)

Directors' interests in shares of the company

None of the directors had any interest in the shares of the company.

Charitable and political contributions

Contributions made by the company during the year for charitable purposes amounted to £4,188 (1995: £1,177). No political contributions were made during the year.

Employees

The company through its management team has an uncompromising commitment to customer service, to involve, develop and reward our employees and to developing a culture within the company to be competitive, modern and outward looking.

In order to achieve these objectives the company is continually evolving a comprehensive communications system to ensure that employees fully understand what is happening in the company, both in general and financial terms and that the views of our employees are taken into account when decisions are made.

The company believes that, in order to secure the future, a substantial investment is needed in training covering management and supervisory skills and customer care competences. The company employs engineering apprentices at a time when many companies have reduced and even disbanded such schemes.

It has always been company policy to treat both job applicants and employees in the same fair way regardless of their sex, race, ethnic origin or disability, and we are keen to ensure that a positive caring approach to good equal opportunities practice is being adopted.

The company's policy is to recruit disabled workers for those vacancies they are able to fill. Should an employee become disabled it is our policy to continue the current employment when possible, or to offer alternatives where feasible, giving re-training as necessary.

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 and that the financial statements have been prepared on the going concern basis.

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.

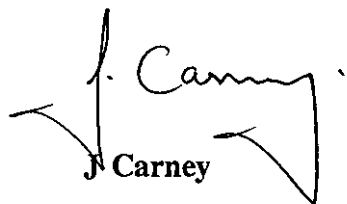
Reading Transport Limited

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Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in cursive script, appearing to read 'J. Carney', is written over a printed name. The signature is enclosed within a hand-drawn rectangular box with arrows pointing to the signature.

J Carney

Secretary

Date: 12 July 1996.

**Report of the auditors to the members of
Reading Transport Limited**

We have audited the financial statements on pages 6 to 22.

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 profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Reading

Date: 12th July 1996

**Profit and loss account
for the year ended 31 March 1996**

	Notes	1996 £'000	1995 £'000
Turnover	2	14,866	15,248
Operating costs	3	14,041	14,682
		<hr/>	<hr/>
Operating profit		825	566
Interest receivable		199	191
		<hr/>	<hr/>
		1,024	757
Interest payable and similar charges	7	131	140
		<hr/>	<hr/>
Profit on ordinary activities before taxation	8	893	617
Taxation	9	376	183
		<hr/>	<hr/>
Profit on ordinary activities after taxation		517	434
Dividends paid	10	240	240
		<hr/>	<hr/>
Retained profit for the year	20	277	194
		<hr/>	<hr/>

The above amounts all relate to continuing operations of the company.

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

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

Reading Transport Limited

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Balance sheet at 31 March 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	12	6,284	6,318
Current assets			
Stocks	13	223	254
Debtors	14	1,051	991
Deferred taxation	18	-	120
Cash at bank and in hand		2,547	2,347
		<u>3,821</u>	<u>3,712</u>
Creditors: amounts falling due within one year	15	<u>1,826</u>	<u>2,040</u>
Net current assets		<u>1,995</u>	<u>1,672</u>
Total assets less current liabilities		<u>8,279</u>	<u>7,990</u>
Creditors: amounts falling due after more than one year	16	<u>1,267</u>	<u>1,190</u>
Provisions for liabilities and charges	17	<u>803</u>	<u>868</u>
		<u>2,070</u>	<u>2,058</u>
Net assets		<u>6,209</u>	<u>5,932</u>
Capital and reserves			
Called up share capital	19	3,974	3,974
Profit and loss account	20	2,235	1,958
Equity shareholders' funds	21	<u>6,209</u>	<u>5,932</u>

The financial statements on pages 6 to 22 were approved by the board of directors on
and were signed on its behalf by:



C Thompson
Director

22nd July 1996

Cash flow statement for the year ended 31 March 1996

	Notes	1996 £'000	1995 £'000
Net cash inflow from continuing operating activities	22	<u>1,848</u>	<u>1,880</u>
Returns on investments and servicing of finance			
Interest received		199	191
Interest paid		(128)	(128)
Interest paid on finance leases		(3)	(12)
Dividends paid		<u>(240)</u>	<u>(240)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(172)</u>	<u>(189)</u>
Taxation			
UK corporation tax paid		<u>(156)</u>	<u>(249)</u>
Investing activities			
Purchase of tangible fixed assets		(1,399)	(2,234)
Sale of tangible fixed assets		<u>127</u>	<u>134</u>
Net cash outflow from investing activities		<u>(1,272)</u>	<u>(2,100)</u>
Net cash inflow/(outflow) before financing		248	(658)
Financing			
Repayment of principal under finance leases	23	<u>(48)</u>	<u>(63)</u>
Increase/(decrease) in cash and cash equivalents	24	<u><u>200</u></u>	<u><u>(721)</u></u>

Notes to the financial statements for the year ended 31 March 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. The purchase price of assets taken over at 20 October 1986 was established by a valuation in accordance with guidelines issued by the Department of Transport. Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a systematic basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

Freehold buildings	2.5% - 4% straight line
Plant and machinery	10 - 20% straight line
Buses	25% reducing balance
Other vehicles	9.5% - 33% straight line

No depreciation is charged on freehold land.

Finance and operating leases

Assets held under finance leases are treated as if they had been purchased outright and are capitalised at an amount equal to the fair value of the asset at the inception of the lease and depreciated on a systematic basis over the shorter of the lease term and its useful life. In the case of finance leases taken over on 20 October 1986, the value of the assets has been written down to fair value at that date. Finance charges are allocated to accounting periods so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Costs in respect of operating leases are charged on a straight line basis over the lease term.

1 Principal accounting policies (continued)

Stocks

Stocks are stated at the lower of actual cost, including transport and handling costs, and net realisable value. In some cases the cost of components is the part exchange value net of allowances for returned, defective parts. Net realisable value is determined by a review of forecast future use. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, represents amounts receivable by the company for services provided in the ordinary course of business.

Taxation

The charge for taxation is based on the profit for the period as adjusted for disallowable items. Tax deferred is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise. Where this is not known the latest estimate of the long term tax rate applicable has been adopted. The amount of unprovided deferred tax is calculated at the best estimate of corporation tax rates in the longer term and is analysed into its major components.

Unconsolidated subsidiaries

In accordance with Section 229(2) of the Companies Act 1985, consolidated accounts have not been prepared because the inclusion of the net assets of the company's dormant subsidiaries would not be material to the financial statements.

Pension costs

Employees of the company are eligible to join one of the two defined benefit schemes to which the company contributes, depending upon date of appointment as follows:-

- (a) Employees at 20 October 1986 have been deemed to be employees of Reading Borough Council for pension purposes and are members of the local government superannuation scheme, to which the company contributes in accordance with the Local Government Superannuation Regulations.

1 Principal accounting policies (continued)

- (b) Employees who joined the company since 20 October 1986, together with any employees who are eligible for the local government scheme who wish to leave that scheme, are eligible to join the Reading Transport Staff Retirement Scheme.

The cost of providing future benefits is estimated by independent qualified actuaries. Any difference between the cost charged and the amounts paid by the company is treated as a prepayment or accrual as appropriate. Variations in pension cost are spread over the expected service lives of current employees.

The company provides no other post retirement benefits to its employees.

Accident claims

The company maintains insurance cover against third party liability claims for the amount on each claim that exceeds £25,000 (1995: £25,000). Any claims below £25,000 or those disputed by the insurers are charged to the profit and loss account in the year in which they arise subject to an annual aggregated maximum charge.

2 Turnover

All turnover is generated within the United Kingdom from bus operations.

3 Operating costs

	1996 £'000	1995 £'000
Raw materials and consumables	2,377	2,372
Other external charges	1,482	1,974
Staff costs (see note 5)	8,892	8,956
Depreciation	1,352	1,206
	<hr/>	<hr/>
	14,103	14,508
Exceptional items (see note 6)	(62)	174
	<hr/>	<hr/>
Operating costs	<u>14,041</u>	<u>14,682</u>

4 Directors' emoluments

The remuneration paid to the directors of Reading Transport Limited was:

	1996 £'000	1995 £'000
Fees	5	9
Other emoluments (including pension contributions and benefits in kind)	183	184
	<u> </u>	<u> </u>
Aggregate emoluments	<u>188</u>	<u>193</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1996 £'000	1995 £'000
The chairman	Nil	Nil
	<u> </u>	<u> </u>
The highest-paid director	63	69
	<u> </u>	<u> </u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£0 to £5,000	9	9
£5,001 to £10,000	1	-
£15,001 to £20,000	1	1
£35,001 to £40,000	1	-
£40,001 to £45,000	-	1
£50,001 to £55,000	-	1
£55,001 to £60,000	2	-
£65,001 to £70,000	-	1

Not included in the above is an amount of £45,425 paid to R Wilson as compensation for loss of office. R Wilson also received a lump sum payment of £14,575 from the Reading Transport Retirement Scheme.

5 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	1996 Number	1995 Number
By product group		
Traffic	378	365
Engineering	97	104
Administration	33	33
	<u>508</u>	<u>502</u>
	<u><u>508</u></u>	<u><u>502</u></u>
	1996	1995
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	7,922	7,991
Social security costs	722	729
Other pension costs (see note 27)	248	236
	<u>8,892</u>	<u>8,956</u>
	<u><u>8,892</u></u>	<u><u>8,956</u></u>

6 Exceptional operating costs

	1996 £'000	1995 £'000
Provision for reorganisation (including pension costs)	-	249
Provision for dilapidation	60	-
Exceptional profit on disposal of Buses	-	(75)
Rates rebate	(122)	-
	<u>(62)</u>	<u>174</u>
	<u><u>(62)</u></u>	<u><u>174</u></u>

7 Interest payable and similar charges

	1996 £'000	1995 £'000
On loan repayable wholly or partly in more than 5 years	128	128
On finance leases	3	12
	<u>131</u>	<u>140</u>

8 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	1,318	1,155
Tangible fixed assets held under finance leases	34	51
Auditors' remuneration for audit	18	17
Exceptional operating items (see note 6)	(62)	174
	<u>46</u>	<u>21</u>
And after crediting:		
Net profit on disposal of tangible fixed assets (includes exceptional profits on disposal (see note 6))		
	<u>46</u>	<u>21</u>

Remuneration of the company's auditors for the provision of non-audit services was £21,325. This includes taxation compliance and advisory fees of £15,305.

9 Taxation

The tax charge, based on the profit on ordinary activities for the year, comprises:

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995: 33%)		
Current	296	195
Deferred	69	-
(Over)/under provision in respect of prior years:		
Current	(40)	(12)
Deferred	51	-
	<u>376</u>	<u>183</u>

10 Dividends

	1996 £'000	1995 £'000
Ordinary:		
Interim paid of 6p per share (1995: 6.0p per share)	240	240
	<u> </u>	<u> </u>

11 Fixed asset investments

On 31 January 1992 the company acquired the whole of the issued share capital of the following dormant companies from its shareholder for no consideration;

- Reading Rovers Limited
- Reading Minibuses Limited
- Reading Buses Limited
- Newbury Buses limited
- Reading Goldline Limited

All of these companies are registered in England and Wales.

At 31 March 1996 these companies had combined net assets of £500.

12 Tangible fixed assets

	Freehold land and buildings £'000	Buses and coaches £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 1995	1,779	9,303	1,511	12,593
Additions	-	1,299	100	1,399
Disposals	-	(172)	(20)	(192)
At 31 March 1996	1,779	10,430	1,591	13,800
Depreciation				
At 1 April 1995	244	5,209	822	6,275
Charge for year	49	1,083	220	1,352
Eliminated in respect of disposals	-	(91)	(20)	(111)
At 31 March 1996	293	6,201	1,022	7,516
Net book value				
At 31 March 1996	1,486	4,229	569	6,284
Net book value				
At 31 March 1995	1,535	4,094	689	6,318

The net book value of tangible fixed assets includes an amount of £102,000 (1995: £136,000) in respect of assets held under finance leases.

Included in plant and machinery is £203,000 in respect of ticket machines gifted to the company by BCC in the year ended 31 March 1995. Related costs of installation and maintenance have been incurred and will be in future years. These assets have a net book value of £121,800 at the year end.

13 Stocks

	1996 £'000	1995 £'000
Spare parts and consumables	215	252
Work in progress	8	2
	<u>223</u>	<u>254</u>
	<u><u>223</u></u>	<u><u>254</u></u>

14 Debtors

	1996 £'000	1995 £'000
Amounts falling due within one year:		
Trade debtors	295	343
Amounts owed by Reading Borough Council	15	10
Other debtors	478	409
Prepayments and accrued income	263	229
	<u>1,051</u>	<u>991</u>
	<u><u>1,051</u></u>	<u><u>991</u></u>

Other debtors at 31 March 1996 includes a loan to a director, Mr J Carney, of £653 (1995: £2,613). The loan attracts interest at 4.6% p.a. and its maximum value during the year was £2,613.

15 Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Trade creditors	633	658
Obligations under finance leases	-	48
Corporation tax	235	135
Other taxation and social security	216	235
Other creditors	203	334
Accruals and deferred income	539	630
	<u>1,826</u>	<u>2,040</u>
	<u><u>1,826</u></u>	<u><u>2,040</u></u>

16 Creditors: amounts falling due after more than one year

	1996 £'000	1995 £'000
Long term loan due to Reading Borough Council (see note below)	1,165	1,165
Other creditors	81	-
Accruals and deferred income	21	25
	<u>1,267</u>	<u>1,190</u>

The long term loan which is repayable in the year 2011 or earlier at the company's discretion, carries interest at 11% per annum.

The long term loan is secured by a floating charge over the assets of Reading Transport Limited.

17 Provisions for liabilities and charges

	Pensions £'000	Dilapidations £'000	Reorganisation £'000	Uninsured claims £'000	Total £'000
At 1 April 1995	363	-	135	370	868
Profit and loss account	22	60	35	100	217
Utilised	(23)	-	(90)	(169)	(282)
	<u>362</u>	<u>60</u>	<u>80</u>	<u>301</u>	<u>803</u>
At 31 March 1996	<u>362</u>	<u>60</u>	<u>80</u>	<u>301</u>	<u>803</u>

The pensions provision relates to an estimate of the increased liability of additional benefits provided for certain current and previous employees.

18 Deferred taxation

Deferred
taxation
(see below)
£'000

At 1 April 1995	(120)
Profit and loss account	120
	<u> </u>
At 31 March 1996	-
	<u> </u>

The deferred taxation asset included in the financial statements, and the amount unprovided of the total potential liability are as follows:

	Amount provided		Amount unprovided	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	30	66	295	237
Other	(30)	(186)	(116)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	(120)	179	237
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 Called up share capital

	1996 £'000	1995 £'000
Authorised		
3,974,000 ordinary shares of £1 each	3,974	3,974
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
3,974,000 ordinary shares of £1 each	3,974	3,974
	<u> </u>	<u> </u>

20 Profit and loss account

	£'000
At 1 April 1995	1,958
Retained profit for the year	277
	<u> </u>
At 31 March 1996	2,235
	<u> </u>

21 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Profit for the financial year	517	434
Dividends	(240)	(240)
Net additions to shareholders' funds	<u>277</u>	<u>194</u>
Opening shareholders' funds	5,932	5,738
Closing shareholders' funds	<u><u>6,209</u></u>	<u><u>5,932</u></u>

22 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £'000	1995 £'000
Continuing operating activities		
Operating profit	825	566
Depreciation on tangible fixed assets	1,352	1,206
Profit on sale of fixed assets	(46)	(21)
Decrease/(Increase) in stocks	31	(27)
Decrease/(Increase) in trade debtors	48	(63)
(Increase) in other debtors	(69)	(113)
(Increase)/Decrease in amounts owed by RBC	(5)	18
(Increase) in prepayments and accrued income	(34)	(44)
(Decrease)/Increase in trade creditors	(25)	256
(Decrease) in other creditors	(50)	(171)
(Decrease)/Increase in other tax and social security creditors	(19)	13
(Decrease)/Increase in provision for liabilities and charges	(65)	122
(Decrease)/Increase in accruals and deferred income	(95)	138
Net cash inflow from continuing operating activities	<u><u>1,848</u></u>	<u><u>1,880</u></u>

23 Analysis of changes in financing during the year

	Finance lease obligations	
	1996 £'000	1995 £'000
At 1 April	48	111
Repayments of principal	(48)	(63)
At 31 March	<u><u>-</u></u>	<u><u>48</u></u>

24 Cash and cash equivalents

	1996 £'000	1995 £'000
Changes during the year: cash at bank and in hand		
At 1 April	2,347	3,068
Net cash flow from operating activities	200	(721)
At 31 March	<u>2,547</u>	<u>2,347</u>

25 Contingent liability

As noted in the Directors' Report, the Oracle proposal is close to completion. Should this go ahead, the company will be subject to a number of relocation costs, both revenue and capital in nature.

While discussions are taking place with respect to these items, the company is unable to quantify the amounts involved at present.

26 Financial commitments

At 31 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Expiring between two and five years inclusive	-	25	-	25
Expiring in over five years	145	-	145	-
	<u>145</u>	<u>25</u>	<u>145</u>	<u>25</u>

27 Pension and similar obligations

The company operates two defined benefit pension schemes funded both by employer's and employees' contributions with assets held in separate, trustee administered funds. These schemes are referred to in note 1.

(a) Reading Transport Staff Retirement Scheme

The latest formal actuarial valuation of the scheme was carried out as at 1 July 1994 using the "Projected Unit" method. The main actuarial assumptions used were:

Rate of return on investments	9.0% per annum
Salary inflation	8.0% per annum
Pension increases	3.0% per annum

At the date of the actuarial valuation the market value of the assets was £1,728,000. The actuarial value of these assets represented 101% of the value of benefits accrued to the valuation date after allowing for future salary and pension increases.

(b) Local Government Superannuation Scheme

The latest formal actuarial valuation of the scheme was carried out as at 31 March 1992. For the purposes of determining the pension cost in respect of the company the Attained Age Method was used. The main actuarial assumptions used were:

Rate of return on investments	9.0% per annum
Salary inflation	6.5% per annum plus an allowance for promotion increases
Rate of pension increases	4.5% per annum
Rate of dividend growth	4.5% per annum

At the date of the actuarial valuation the market value of the assets held for all members of all the participating employers was £406 million. The actuarial value of the assets of the scheme was approximately 19% higher than the actuarial value of the benefits accrued after allowing for expected future salary and pension increases.

The pension charge for the year was £248,200 (1995: £235,700).

28 Ownership of company

The company is wholly owned by Reading Borough Council.