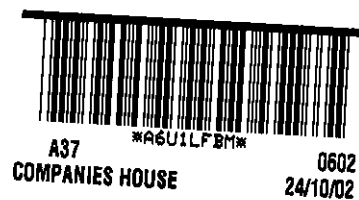


**ARRIVA YORKSHIRE LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**



# ARRIVA YORKSHIRE LIMITED

## COMPANY INFORMATION

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### Directors

S P Lonsdale  
J A Ray  
D R Martin  
R J Davies  
S J Clayton  
D Cocker  
N H Wallace  
R A Bowler  
J S Flynn

### Secretary

D P Turner

### Company number

84167

### Registered office

Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

### Auditors

PricewaterhouseCoopers  
89 Sandyford Road  
Newcastle upon Tyne  
NE99 1PL

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# ARRIVA YORKSHIRE LIMITED

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# **ARRIVA YORKSHIRE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31ST DECEMBER 2001**

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The Directors present their report and the audited financial statements for the Company for the year ended 31st December 2001.

#### **Principal activities and review of business**

The Company's principal activity continues to be the operation of bus services in the North of England.

#### **Results and dividends**

The results for the year are set out in the profit and loss account on page 4. The Directors recommend the payment of a dividend amounting to £2,000,000 (2000: £2,200,000).

The Directors consider the state of the Company's affairs to be satisfactory and there have been no material changes since the balance sheet date.

#### **Directors**

The Directors who held office during the year were:

S P Lonsdale

J A Ray

D R Martin

R J Davies

S J Clayton

D Cocker

P Harvey (Resigned 28th February 2002)

N H Wallace

R A Bowler

J S Flynn (Appointed 1st August 2001)

#### **Directors' interests**

None of the Directors had any interest in the share capital of the Company during the year.

S P Lonsdale, J A Ray, D R Martin, R J Davies and S J Clayton are also Directors of the ultimate parent company, ARRIVA plc, and their interests in the share capital of that company are disclosed in its Directors' Report.

The interests of D Cocker, N H Wallace and J S Flynn in the ordinary share capital of ARRIVA plc are shown in the Directors' Report of the immediate parent company, ARRIVA Yorkshire North Limited. The interests of P Harvey in the ordinary share capital of ARRIVA plc are shown in the Directors' Report of the intermediate parent company, ARRIVA The Shires Limited. The interests of R A Bowler in the ordinary share capital of ARRIVA plc are shown in the Directors' Report of the intermediate parent company, ARRIVA Passenger Services Limited.

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# **ARRIVA YORKSHIRE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31ST DECEMBER 2001**

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### **Political and charitable contributions**

During the year the Company made charitable donations amounting to £9,650 (2000: £2,170).

### **Employees**

The Company continues to give full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Company's policy includes, where applicable, the continued employment of those who may become disabled during their employment. The Company has continued its policy of employee involvement, by making information available to employees and encouraging their participation in schemes which are related to the Company's progress and profitability.

### **Policy regarding payment of suppliers**

The Company's policy regarding the payment of suppliers is to agree terms of payment at the start of business with each supplier to ensure that the supplier is made aware of the payment terms, and to pay in accordance with its contractual or legal obligations.

### **Statement of Directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

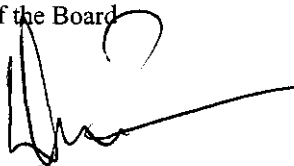
The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st December 2001 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and which 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.

### **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. The Company has elected to dispense with the requirement to appoint auditors annually.

By order of the Board



**D P Turner, Secretary**  
**6th March 2002**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARRIVA YORKSHIRE LIMITED**

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We have audited the financial statements which comprise the profit and loss account, the balance sheet and related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

## **Respective responsibilities of Directors and 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

## **Basis of audit 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 the 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 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Newcastle upon Tyne**  
**9th October 2002**

**ARRIVA YORKSHIRE LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Notes	2001 £'000	2000 £'000
<b>Turnover</b>	2	22,215	20,640
Cost of sales		(17,155)	(15,508)
<b>Gross profit</b>		5,060	5,132
Administrative expenses		(1,851)	(1,230)
Other operating income		8	13
<b>Operating profit</b>	3	3,217	3,915
Interest receivable and similar income	4	405	418
Interest payable and similar charges	5	(1,033)	(839)
<b>Profit on ordinary activities before taxation</b>		2,589	3,494
Tax on profit on ordinary activities	7	(544)	(709)
<b>Profit for the financial year</b>		2,045	2,785
Dividends	8	(2,000)	(2,200)
<b>Retained profit for the year</b>	20	45	585

All amounts relate to continuing activities.

The Company has no recognised gains and losses other than those included in the profit and loss account, 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.

# ARRIVA YORKSHIRE LIMITED

## BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	2001 £'000	2001 £'000	2000 £'000	2000 £'000
<b>Fixed assets</b>					
Intangible assets	9		228		241
Tangible assets	10		16,100		11,747
Investments	11		-		-
			<u>16,328</u>		<u>11,988</u>
<b>Current assets</b>					
Stocks	12	168		248	
Debtors: amounts falling due within one year	13	31,644		4,567	
Debtors: amounts falling due after more than one year	14	-		24,087	
Cash at bank and in hand		60		155	
		<u>31,872</u>		<u>29,057</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(37,251)</u>		<u>(13,919)</u>	
<b>Net current (liabilities)/assets</b>			<u>(5,379)</u>		<u>15,138</u>
<b>Total assets less current liabilities</b>			<u>10,949</u>		<u>27,126</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(4,515)</u>		<u>(20,737)</u>
			<u>6,434</u>		<u>6,389</u>
<b>Capital and reserves</b>					
Called up equity share capital	19		1,311		1,311
Profit and loss account	20		5,123		5,078
<b>Equity shareholders' funds</b>	21		<u>6,434</u>		<u>6,389</u>

The financial statements on pages 4 to 13 were approved by the Board on 6th March 2002 and signed on its behalf by:



S P Lonsdale  
Director



# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

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#### 1 Accounting policies

##### Basis of accounting

The financial statements have been prepared under the historical cost convention, using the accounting policies set out below and in accordance with applicable accounting standards.

##### Cash flow statement

The Company is a wholly owned subsidiary and the ultimate parent company has prepared a group cash flow statement. Accordingly, under FRS 1, the Company is exempt from preparing a cash flow statement.

##### Turnover

Turnover consists of the gross revenue for road passenger transport together with the aggregate amounts receivable for other goods and services supplied in the ordinary course of business, excluding VAT.

##### Depreciation

Depreciation is calculated to write off cost or valuation of tangible fixed assets on the following bases:

Freehold properties	2% per annum on cost
Plant and machinery	10% to 20% per annum on cost
Fixtures, fittings and equipment	10% to 20% per annum on cost
Other motor vehicles	24% to 48% per annum on cost
Public service vehicles	Over periods up to 15 years

##### Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal instalments over its estimated useful economic life of up to a maximum of 20 years.

##### Stocks

Stocks are valued at the lower of cost and net realisable value.

##### Deferred taxation

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is a reasonable probability that the tax deferral will crystallise in the foreseeable future.

##### Pensions

ARRIVA plc operates retirement benefit schemes, both defined benefit and defined contribution schemes, which cover employees of the Company. Contributions made to the defined benefit scheme are based on the cost of providing pensions across all participating group companies. Costs are not determined for each individual company. Contributions payable by the Company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

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#### Hire purchase and leased assets

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

#### 2 Turnover

The turnover was derived from the Company's principal activity which was carried out wholly in the UK.

#### 3 Operating profit

The operating profit is stated after charging or (crediting):

	2001 £'000	2000 £'000
Depreciation of tangible fixed assets:		
-owned assets	521	675
-assets held under finance leases and hire purchase	827	502
Goodwill amortisation charge for the year	13	13
(Profit)/loss on disposal of fixed assets	(36)	1
Operating leases - land and buildings	5	5
Auditors' remuneration	22	20
	<hr/>	<hr/>

#### 4 Interest receivable and similar income

	2001 £'000	2000 £'000
Other interest receivable	3	-
Interest receivable from group companies	402	418
	<hr/>	<hr/>
	405	418
	<hr/>	<hr/>

#### 5 Interest payable and similar charges

	2001 £'000	2000 £'000
Interest payable on bank loans and overdrafts	477	472
Finance leases and hire purchase contracts	556	367
	<hr/>	<hr/>
	1,033	839
	<hr/>	<hr/>

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

#### 6 Directors and employees

Staff costs were as follows:

	2001 £'000	2000 £'000
Wages and salaries	11,436	10,338
Social security costs	781	706
Pension costs	613	536
	<u>12,830</u>	<u>11,580</u>

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

	2001 Number	2000 Number
Drivers	566	544
Engineering	79	63
Other	95	98
	<u>740</u>	<u>705</u>

#### Directors' emoluments

	2001 £'000	2000 £'000
Aggregate emoluments	<u>190</u>	<u>141</u>

Retirement benefits were accruing to directors as follows:

	2001 Number	2000 Number
Defined benefit schemes	<u>3</u>	<u>2</u>

#### 7 Taxation

	2001 £'000	2000 £'000
Based on the profit for the year:		
UK corporation tax at 30% (2000: 30%)	<u>624</u>	<u>793</u>
	624	793
Prior periods:		
UK corporation tax	<u>(80)</u>	<u>(84)</u>
	<u>544</u>	<u>709</u>

The effective rate of taxation is less than the standard rate of 30% principally as a result of the excess of capital allowances over depreciation in the bus fleet.

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

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<b>8</b>	<b>Dividends</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Equity dividends		
	Ordinary dividends paid of £1.53 per share (2000: £1.68 per share)	2,000	2,200
		<hr/>	<hr/>
<b>9</b>	<b>Intangible fixed assets</b>		
		<b>Goodwill</b>	<b>Total</b>
	<b>Cost</b>	<b>£'000</b>	<b>£'000</b>
	At 1st January 2001	259	259
	<b>At 31st December 2001</b>	<hr/> 259 <hr/>	<hr/> 259 <hr/>
	<b>Amortisation</b>		
	At 1st January 2001	18	18
	Provided during the year	13	13
	<b>At 31st December 2001</b>	<hr/> 31 <hr/>	<hr/> 31 <hr/>
	<b>Net book value</b>		
	<b>At 31st December 2001</b>	<hr/> 228 <hr/>	<hr/> 228 <hr/>
	<b>At 31st December 2000</b>	<hr/> 241 <hr/>	<hr/> 241 <hr/>

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

#### 10 Tangible fixed assets

	Freehold land and buildings	Plant, machinery, fixtures and motor vehicles	Public service vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 1st January 2001	-	1,579	19,786	21,365
Additions	3,615	798	18	4,431
Disposals	-	-	(2,062)	(2,062)
Intra-group transfers	-	27	3,019	3,046
<b>At 31st December 2001</b>	<b>3,615</b>	<b>2,404</b>	<b>20,761</b>	<b>26,780</b>
<b>Depreciation</b>				
At 1st January 2001	-	1,144	8,474	9,618
Charge for the year	-	117	1,231	1,348
Disposals	-	-	(1,841)	(1,841)
Intra-group transfers	-	14	1,541	1,555
<b>At 31st December 2001</b>	<b>-</b>	<b>1,275</b>	<b>9,405</b>	<b>10,680</b>
<b>Net book value</b>				
<b>At 31st December 2001</b>	<b>3,615</b>	<b>1,129</b>	<b>11,356</b>	<b>16,100</b>
At 31st December 2000	-	435	11,312	11,747

Assets held under finance leases and hire purchase have a net book value of £9,650,000 (2000: £5,428,000).  
Depreciation charged for the year was £827,000 (2000: £502,000).

#### 11 Fixed asset investments

Cost	£'000	£'000
At 1st January 2000 and 31st December 2001	1	1
<b>Provisions</b>		
At 1st January 2001	1	1
<b>At 31st December 2001</b>	<b>1</b>	<b>1</b>
<b>At 31st December 2001</b>	<b>-</b>	<b>-</b>
At 31st December 2000	-	-

Investments consist of a 15% holding in West Yorkshire Metro-National Transport Company Limited, which is incorporated in Great Britain and registered in England and Wales. The investment is held at a cost of £15.

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

<b>12</b>	<b>Stocks</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Raw materials and consumables	168	248
<b>13</b>	<b>Debtors</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Trade debtors	214	783
	Amounts owed by group undertakings	30,374	242
	Other debtors	359	1,162
	Prepayments and accrued income	697	2,380
		31,644	4,567
<b>14</b>	<b>Debtors: amounts falling due after more than one year</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Amounts owed by group undertakings	-	24,087
<b>15</b>	<b>Creditors: amounts falling due within one year</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Bank overdraft	8,119	5,715
	Trade creditors	986	1,624
	Amounts owed to group undertakings	17,805	160
	Other creditors	2,351	361
	Accruals and deferred income	3,198	2,273
	Corporation tax	2,278	1,656
	Other taxes and social security	250	199
	Obligations under hire purchase and finance lease (Note 17)	2,264	1,931
		37,251	13,919
The Company is party to an unlimited multi-lateral guarantee involving the bank borrowings of ARRIVA plc and other group undertakings.			
<b>16</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Amounts owed to group undertakings	-	14,659
	Obligations under hire purchase and finance lease (Note 17)	4,515	6,078
		4,515	20,737

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

<b>17</b>	<b>Obligations under hire purchase and finance leases</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	2,264	1,931
	In the second to fifth years inclusive	4,515	6,078
		<u>6,779</u>	<u>8,009</u>
<b>18</b>	<b>Deferred taxation</b>		
	Deferred taxation unprovided in the financial statements is set out below.		
		<b>Amount unprovided</b>	
		<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Accelerated capital allowances	1,865	1,680
<b>19</b>	<b>Called up share capital</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Authorised		
	Equity shares		
	1,429,678 Ordinary shares of £1 each	1,430	1,430
	Allotted and fully paid		
	Equity shares		
	1,310,753 Allotted, called up and fully paid ordinary shares of £1 each	1,311	1,311
<b>20</b>	<b>Reserves</b>		
			<b>Profit and loss account</b>
			<b>£'000</b>
	At 1st January 2001		5,078
	Profit for the year		45
	At 31st December 2001		<u>5,123</u>
<b>21</b>	<b>Reconciliation of movement in equity shareholders' funds</b>	<b>2001</b>	<b>2000</b>
		<b>£'000</b>	<b>£'000</b>
	Profit for the financial year	2,045	2,785
	Dividends	(2,000)	(2,200)
	Increase in equity shareholders' funds	45	585
	Opening equity shareholders' funds	6,389	5,804
	Closing equity shareholders' funds	<u>6,434</u>	<u>6,389</u>

# ARRIVA YORKSHIRE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2001

#### 22 Operating lease commitments

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

	Land and buildings	
	2001	2000
	£'000	£'000
Operating leases which expire:		
After five years	5	5

#### 23 Pension scheme

At 31 December 2001 the ultimate parent company, ARRIVA plc, operated two defined benefit schemes providing benefits to certain employees within ARRIVA Yorkshire Limited. The schemes are financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees.

Contributions to the defined benefit funds, the ARRIVA Yorkshire Pension Scheme and the ARRIVA Passenger Services Pension Plan, are based upon actuarial advice following the most recent actuarial valuation of the funds. The latest actuarial valuations were performed as at 5th April 2000, using the Projected Unit Method. The principal actuarial assumptions were that:

- (i) the annual rate of return on investment would be 2.5 per cent higher than the annual increase in total pensionable remuneration;
- (ii) there would be no variation from a scheme's rules to pensions in payment.

On the basis of these assumptions the actuarial value of the funds at 5th April 2000 was sufficient to cover 115 per cent of the benefits then accrued to members. The market value of the scheme's assets at 5th April 2000 was £23.5 million.

The pensions cost charge for the year represents contributions payable by the Company to both schemes and amounts to £613,000 (2000: £536,000).

#### FRS 17 'Retirement Benefits'

The Company makes contributions to two defined benefit funds, the ARRIVA Yorkshire Pension Scheme and the ARRIVA plc Final Salary Scheme, which are operated by the ultimate parent company, ARRIVA plc. Other companies within the ARRIVA Group make contributions to the schemes, therefore it is not possible for the Company to identify its share of the underlying assets and liabilities as at 31st December 2001.

#### 24 Ultimate parent company

The ultimate parent company and ultimate controlling party is ARRIVA plc, a company which is registered in England and Wales, and which has prepared group accounts incorporating the results of ARRIVA Yorkshire Limited. Copies of these accounts can be obtained from Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP.

Transactions with other companies in the ARRIVA Group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures" for wholly-owned subsidiaries.