

**BUS & COACH LEASING LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2003**

Bus & Coach Leasing Limited is registered in England and Wales No. 2003546.  
Registered Office: 3 Princess Way, Redhill, Surrey, RH1 1NP.



# **BUS & COACH LEASING LIMITED**

## **DIRECTORS**

N T J Clibbens  
B Davidson  
J A Globe  
M V Keaney  
P E Lord  
S D Recaldin

## **SECRETARY**

A M Cunningham

# **BUS & COACH LEASING LIMITED**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their report and the financial statements for the year ended 30 September 2003.

### **PRINCIPAL ACTIVITY**

The principal activity of the group is the provision of residual value undertakings and the provision of credit finance by way of leasing and contract hire.

### **BUSINESS REVIEW**

The net amount financed under all forms of financial agreements entered into during the year was £nil (2002-£nil).

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2002-£nil).

The group traded at a loss during the year under review.

### **DIRECTORS**

The present directors are as shown on page 1.

The following were appointed to the board: -

Mr M V Keaney on 16 April 2003.  
Mr N T J Clibbens on 1 June 2003.  
Mr S D Recaldin on 1 June 2003.  
Mrs J A Globe on 1 January 2004

The following resigned from the board: -

Mr B Davidson on 16 April 2003, subsequently re-appointed on 1 January 2004.  
Mr E A Flint on 31 May 2003.  
Mr J D Stuart on 31 May 2003.  
Mr J J Fleming on 31 December 2003.  
Mr G McKenzie on 31 December 2003.

# **BUS & COACH LEASING LIMITED**

## **DIRECTORS' REPORT (Continued)**

### **DIRECTORS' INTERESTS**

No director had an interest in the shares of the company.

The following directors were beneficially interested in:

**The Royal Bank of Scotland Group plc (RBSG) Ordinary shares of £0.25 each**

	Shareholdings		Share Options				
	As at 1 October 2002*	As at 30 September 2003	As at 1 October 2002*	Granted during the period	Exercised during the period	As at 30 September 2003	
				Options	Price	Options	Price
N T J Clibbens	4,504	4,504	23,416	-	-	-	-
P E Lord	4,255	4,981	9,973	268	£12.35	515	£4.01
S D Recaldin	5,021	5,034	4,043	-	-	-	-

**\*(or date of appointment, if later)**

No directors had an interest in any of the preference shares during the year to 30 September 2003.

As at 30 September 2003 N T J Clibbens also held 2,508 Additional Value Shares ('AVS').

As at 30 September 2003 P E Lord also held 4,123 Additional Value Shares ('AVS') (2002 – 4,123) and 2,308 Floating Rate Unsecured Loan notes 2005 in RBSG (2002 – 2,308).

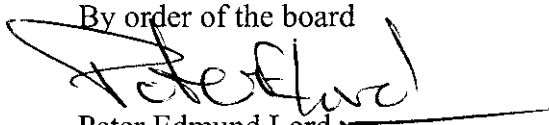
As at 30 September 2003 S D Recaldin also held 1,560 Additional Value Shares ('AVS').

Other than the loan notes detailed above, none of the directors in office at 30 September 2003 held any interest in the share or loan capital of the company or any other group company.

### **AUDITORS**

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit plc will therefore continue in office.

By order of the board

  
Peter Edmund Lord

Director

29 March 2004.

## **BUS & COACH LEASING LIMITED**

### **STATEMENT OF 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 group and of the profit or loss for that year. In preparing those financial statements, the directors are required to:-

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## **BUS & COACH LEASING LIMITED**

**KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom**

### **Report of the independent auditors to the members of Bus & Coach Leasing Limited**

We have audited the financial statements on pages 6 to 14.

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 auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **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 group'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 affairs of the company as at 30 September 2003 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*29 March 2004*

# **BUS & COACH LEASING LIMITED**

## **PROFIT AND LOSS ACCOUNT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2003**

	<u>Notes</u>	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Turnover	2	7,348	2,989
Cost of sales		(7,583)	(3,268)
Gross loss		<u>(235)</u>	<u>(279)</u>
Administrative expenses		(25)	(24)
Operating loss	3	<u>(260)</u>	<u>(303)</u>
Interest receivable		22	33
Interest payable	5	(148)	(100)
Loss on ordinary activities before taxation		<u>(386)</u>	<u>(370)</u>
Taxation credit on loss on ordinary activities	6	105	111
Retained loss for the financial year	11	<u><u>(281)</u></u>	<u><u>(259)</u></u>

The company made no acquisitions and had no discontinued operations during the year.

## **RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the loss attributable to the company of £281,000 in the year ended 30 September 2003 and loss of £259,000 in the year ended 30 September 2002.

Then notes on pages 9 to 14 form part of these financial statements.

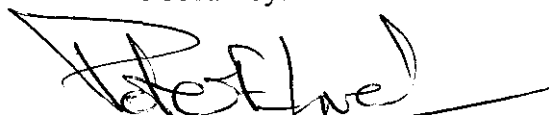
# **BUS & COACH LEASING LIMITED**

## **BALANCE SHEET**

**AT 30 SEPTEMBER 2003**

	<u>Notes</u>	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Stocks	8	1,837	2,071
Debtors falling due within one year	9	989	509
		<u>2,826</u>	<u>2,580</u>
<b><u>LIABILITIES</u></b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	(84)	197
Shareholders' fund	11	<u>16</u>	<u>297</u>
Creditors	13	2,810	2,283
		<u>2,826</u>	<u>2,580</u>

The financial statements were approved by the board of directors on 29 March 2004 and were signed on their behalf by: -



Peter Edmund Lord, Director

All of the above share capital relates to equity funds.

The notes on pages 9 to 14 form part of these financial statements.



# **BUS & COACH LEASING LIMITED**

## **CASH FLOW STATEMENT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2003**

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		<u>£'000</u>	<u>£'000</u>
Net cash inflow/ (outflow) from operating activities	14	517	(1,240)
<u>Return on investments and servicing of finance</u>			
Interest received	22	33	
Interest paid	(148)	(100)	
Net cash outflow from returns on investments and servicing of finance		(126)	(67)
<u>Taxation</u>			
Group relief paid		-	-
Net cash inflow/(outflow) before financing		<u>391</u>	<u>(1,307)</u>
<u>Financing activities</u>			
Increase / (decrease) in amounts owed by group undertakings	15	<u>391</u>	<u>(1,307)</u>

The notes on pages 9 to 14 form part of these financial statements.

# **BUS & COACH LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **a) Accounting convention**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

The financial statements have been prepared upon the basis of historical cost and in accordance with applicable United Kingdom law and accounting standards.

The company's accounts fall within the scope of the Statements of Recommended Practice ("SORP") issued by the Finance & Leasing Association. The accounts have been prepared in accordance with the SORP in all material aspects.

#### **b) Deferred taxation**

The company has implemented Financial Reporting Standard 19, 'Deferred Tax'.

Deferred taxation is now provided in full, without discounting, in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

#### **c) Stocks**

The stocks of vehicles for resale is stated at the lower of cost, being the purchase price paid, and net realisable value.

#### **d) Investments**

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

### **2. TURNOVER**

Turnover represents income generated from residual value activities, lease income and termination adjustments credited to the profit and loss account during the year, all of which arises in the United Kingdom and is from continuing activities.

	2003 <u>£'000</u>	2002 <u>£'000</u>
Amounts receivable during the year were as follows:		
Finance leases	-	5
Residual value activity	7,348	2,984
	<u>7,348</u>	<u>2,989</u>
	=====	=====

# **BUS & COACH LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **3. OPERATING LOSS**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Operating loss is stated after charging:		
Auditors' remuneration in respect of audit services	4	4
	=====	=====

### **4. DIRECTORS' REMUNERATION AND INTERESTS**

No emoluments were paid to any director by the group during the year (2002 - £nil).

None of the directors had any material interest in any contract of significance in to relation to the business of the group (2002 - £nil).

The company has no employees (2002 - nil).

### **5. INTEREST PAYABLE**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
<u>Interest on loans (other than bank loans &amp; overdrafts):</u>		
From Lombard North Central PLC	131	80
From TransBus International Ltd	17	20
	148	100
	=====	=====

### **6. TAXATION CREDIT**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
<b>a) Analysis of credit in the year</b>		
Current taxation:		
Group relief receivable*	110	111
Adjustment in respect of prior year:		
Group relief receivable*	(5)	-
	105	111
	=====	=====

\*Provision for group relief is made on the assumption that the claimant companies will make payment to the surrendering companies at rates appropriate to the periods in which the losses claimed are utilised.

# **BUS & COACH LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **b) Factors affecting the tax credit for the year**

Group relief credited for the year is equal to that resulting from applying the standard rate of corporation tax in the UK: 30% (2002 – 30%), as explained below:

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Loss on ordinary activities before tax	(386)	(370)
(Loss)/ profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002:30%)	116	111
Group relief in respect of prior years	(5)	-
Group relief – other	(6)	-
Tax credit for the year	<u>105</u>	<u>111</u>

### **7. INVESTMENT IN SUBSIDIARY COMPANY**

	<u>2003</u>	<u>2002</u>
Shares in subsidiary at cost	£100	£100

The company holds 100% of the ordinary share capital of Bus & Coach Contracts Limited. This company has remained dormant during the year.

### **8. STOCKS**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Stock of vehicles for resale	1,837	2,071

### **9. DEBTORS**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
<u>Amounts falling due within one year</u>		
Amounts owed by The Royal Bank of Scotland Group plc undertakings	989	493
Other debtors	-	8
Amounts owed by related party undertakings	-	8
	<u>989</u>	<u>509</u>

# **BUS & COACH LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **10. CALLED UP SHARE CAPITAL**

	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	<u>Authorised</u>	<u>Allotted, issued and fully paid</u>	<u>Authorised</u>	<u>Allotted, issued and fully paid</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
'A' Ordinary Shares of £1 each	250	25	250	25
'B' Ordinary Shares of £1 each	750	75	750	75
	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>
	=====	=====	=====	=====

### **11. PROFIT AND LOSS ACCOUNT AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>Share capital</u>	<u>Profit and loss account</u>	<u>Total Shareholders' funds</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1 October 2002	100	197	297
Retained loss for the financial year	-	(281)	(281)
Balance at 30 September 2003	<u>100</u>	<u>(84)</u>	<u>16</u>
	=====	=====	=====

### **12. DEFERRED TAXATION**

At 30 September 2003 there is no provision required in respect of deferred taxation.

# **BUS & COACH LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **13. CREDITORS**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
<u>Amounts falling due:</u>		
i) Within one year:		
Amounts owed to The Royal Bank of Scotland Group Plc undertakings	887	407
Amounts owed to TransBus International Ltd	26	-
Accruals and deferred income	51	45
Other taxes	46	31
	<u>1,010</u>	<u>483</u>
ii) After one year:		
Repayable in two to five years*		
Amounts owed to The Royal Bank of Scotland Group Plc undertakings	1,350	1,350
Amounts owed to TransBus International Ltd	450	450
	<u>1,800</u>	<u>1,800</u>
Total Creditors	<u>2,810</u>	<u>2,283</u>

\*Represents subordinated unsecured loan stock at the London Interbank Market rate for one year sterling deposits, repayable on 30 September 2007.

### **14. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Operating loss	(260)	(303)
Decrease in debtors and prepayments	16	67
Increase in creditors and accruals	527	530
Decrease/(increase) in stock	234	(1,534)
Net cash inflow/(outflow) from operating activities	<u>517</u>	<u>(1,240)</u>

# **BUS & COACH LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **15. ANALYSIS OF NET DEBT**

	<u>At</u> <u>30 September</u> <u>2002</u> <u>£'000</u>	<u>Cashflow</u> <u>£'000</u>	<u>At</u> <u>30 September</u> <u>2003</u> <u>£'000</u>
Cash at bank	493	391	884
Subordinated loan stock (note 13)	(1,800)	-	(1,800)
	<u>(1,307)</u>	<u>391</u>	<u>(916)</u>
	=====	=====	=====

Cash disclosed above represents amounts owed by The Royal Bank of Scotland Group plc undertakings.

### **16. FUTURE FINANCIAL COMMITMENTS**

Bus & Coach Leasing Limited has guaranteed to buy back vehicles from companies within the Lombard North Central PLC group, to the value of £4.7 million between October 2003 and September 2008.

### **17. ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Lombard North Central PLC registered in England and Wales. The ultimate parent undertaking is The Royal Bank of Scotland Group plc, registered in Scotland.

Copies of the financial statements of Lombard North Central PLC can be obtained from: The Secretary, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey, RH1 1NP.

Copies of the financial statements of The Royal Bank of Scotland Group plc can be obtained from: The Secretary, The Royal Bank of Scotland Group plc, 42 St Andrew Square, Edinburgh EH2 2YB.

### **18. RELATED PARTY TRANSACTIONS**

At 30 September 2003, Lombard North Central PLC held 75% of the share capital of Bus & Coach Leasing Limited; TransBus International Limited held the remaining 25%. The subordinated loan stock as disclosed in note 13 is similarly shared.

During the year Bus & Coach Leasing Limited purchased vehicles from within the Lombard North Central PLC group to the value of £3.9 million (2002: £5.0 m). £0.1million was outstanding at the year-end in relation to such purchases (2002: £nil).

During the year Bus & Coach Leasing Limited sold £6.7 million of used coaches to TransBus International Limited (2002: £2.0 million).

During the year Bus & Coach Leasing paid TransBus International Limited a management fee of £20,000 (2002 - £20,000). No amount was outstanding at the year-end in relation to such items (2002 - £nil).

Both parties received interest during the year from Bus & Coach Leasing Limited as disclosed in note 5.