

FB PROPERTIES LIMITED

FINANCIAL STATEMENTS

31 MARCH 2002



**Company Registered
Number: 2094289**

FB PROPERTIES LIMITED

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DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company is that of property development.

Review of the business and future developments

The company has continued to trade in the area of property development. There will be no changes in the activity of the company for the foreseeable future.

Financial matters

The results for the year are given in the profit and loss account on page 5. The directors do not recommend payment of a final dividend (2001 – £nil). The retained loss for the year was £0.3m (2001 – £0.2m).

Directors

The directors who held office throughout the year are as follows:

R A Duncan	
D E Lawson	(Resigned 21 December 2001)
I M Lanaghan	(Appointed 17 October 2001)
M Lockhead	
J E Maclellan	(Appointed 17 October 2001)
M J R Mitchell	(Appointed 17 October 2001)
J A Osbaldiston	(Resigned 30 November 2001)

None of the directors who held office at the end of the financial year had any disclosable interests in the ordinary shares of the company or any other group company, except as disclosed below.

There is no contract or arrangements with the company or any of its fellow group undertakings, other than service contracts, in which any of the directors is materially interested and which is significant in relation to the business of the company or any of its fellow group undertakings taken as a whole.

The directors who held office at the end of the year had the following interests in the 5p ordinary shares of the ultimate parent company, FirstGroup plc at the end of the year:

	Ordinary 5p shares	
	At end of the year	At date of appointment
J E Maclellan	<u>232</u>	<u>232</u>

DIRECTORS' REPORT (continued)

The interests of Messrs Robert Duncan, Iain Lanaghan, Mike Mitchell and Moir Lockhead in the ordinary shares of FirstGroup plc are disclosed in the directors' report of FirstGroup plc.

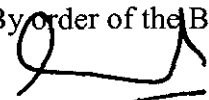
None of the directors in office at the year end held any shares in FB Properties Limited at any time during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, the company has not elected to re-appoint its auditors annually and Deloitte & Touche will therefore continue in office.

3rd Floor, Macmillan House
Paddington Station
London
W2 1FG

By order of the Board



I M Lanaghan
Director

27 August 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss 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; 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FB PROPERTIES LIMITED

We have audited the financial statements of FB Properties Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, reconciliation of movements in shareholders' funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

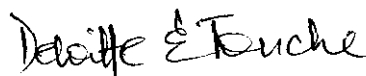
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors
London

29 August 2002

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2002

	Notes	2002 £000	2001 Restated £000
Turnover		496	300
Operating costs	2	(1,049)	(663)
Operating loss and loss on ordinary activities before taxation	5	(553)	(363)
Tax credit on loss on ordinary activities	6	210	131
Loss on ordinary activities after taxation and for the financial year	14	<u>(343)</u>	<u>(232)</u>

All activities in the current and preceding year are a result of continuing operations.

No statement of total recognised gains and losses is given as all gains or losses for the current and preceding year passed through the profit and loss account.

BALANCE SHEET

At 31 March 2002

	Notes	2002		2001	
		£000	£000	£000	Restated £000
Assets employed:					
Fixed assets					
Tangible assets	7		23		645
Current assets					
Stocks	8	1,456		2,054	
Debtors	9	492		214	
Cash at bank and in hand		790		43	
		<u>2,738</u>		<u>2,311</u>	
Creditors: amounts falling due within one year	10	<u>(13,961)</u>		<u>(13,775)</u>	
Net current liabilities			<u>(11,223)</u>		<u>(11,464)</u>
Total assets less current liabilities			<u>(11,200)</u>		<u>(10,819)</u>
Provisions for liabilities and charges	11		-		(38)
Net liabilities			<u>(11,200)</u>		<u>(10,857)</u>
Financed by:					
Capital and reserves					
Called up share capital	13		10		10
Profit and loss account	14		<u>(11,210)</u>		<u>(10,867)</u>
Equity shareholders' deficit			<u>(11,200)</u>		<u>(10,857)</u>

These financial statements were approved by the Board of directors on 27 August 2002 and were signed on its behalf by:

I M Lanaghan



Director

27/8/02

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 31 March 2002

	2002	2001
	£000	Restated £000
Loss for the financial year	(343)	(232)
Shareholders' deficit at beginning of year	(10,857)	(10,625)
Shareholders' deficit at end of year	<u>(11,200)</u>	<u>(10,857)</u>

No note of historical cost profits and losses is given as there were no material differences between the results as set out in the profit and loss account, and their historical cost equivalents.

The opening shareholders' funds at 1 April 2001 as previously reported amounted to £(10,863,000) before the prior year adjustment of £6,000 arising from the adoption of FRS19. The adjustment above is the restatement as indicated in note 11.

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2002**

1 Principal accounting policies

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

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The ultimate holding company has agreed to provide FB Properties Limited with necessary working capital for at least one year from the date of signing of these accounts and accordingly these accounts have been prepared on a going concern basis.

(b) Fixed assets and depreciation

Depreciation is provided to write off the cost less residual value of tangible fixed assets over their estimated useful economic lives as follows:

Other plant and equipment	- 3 to 8 years straight line
Property	- 50 years straight line or over period of lease

(c) Stocks

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

(d) Taxation

The company has adopted FRS19, which has involved moving from a partial provision basis for deferred tax to a full provision basis, and prior year comparatives have been restated to reflect this change. The restatement of the tax credit has resulted in an increase of £3,000 for the year to 31 March 2001. The restatement of the deferred tax provision as at 31 March 2001 has resulted in a reduction of £6,000 to £38,000 and a reduction in equity shareholders' deficit of £6,000 to £10,857,000.

The credit for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. A provision is made for deferred tax on all timing differences except those arising from the revaluation of fixed assets for which there is no binding agreement to sell the asset. Deferred tax is calculated at the rates at which it is estimated the tax will arise. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The deferred tax provision is not discounted to net present value.

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002
1 Principal accounting policies (continued)
(i) Pension costs

Retirement benefits are provided for the employees of the company by means of three defined benefit pension schemes. These are funded by contributions from the company and employees. The company's contributions are charged to the profit and loss account, based on recommendations by an independent actuary, in such a way as to provide for the liabilities evenly over the average remaining working lives of the employees. The difference between the charge to the profit and loss account and the contributions paid by the company is shown as an asset or liability in the balance sheet and the tax effect of this timing difference is included in deferred taxation.

(j) Turnover

The turnover and pre-tax profit, all of which arises in the United Kingdom, are attributable to one activity, property development.

2 Operating costs

	2002 £000	2001 £000
Changes in stock property development		
Work in progress	-	33
Amounts written off work in progress	-	1
Staff costs	284	257
External charges	752	350
Depreciation and other amounts written off tangible fixed assets	13	22
	<u>1,049</u>	<u>663</u>

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002
3 Employee numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	2002	2001
	No.	No.
Administration	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	239	211
Social security costs	25	24
Other pension costs	20	22
	<u>284</u>	<u>257</u>

4 Directors' remuneration

The remuneration of the directors during the year was as follows:

	2002	2001
	£000	£000
Aggregate emoluments (excluding pension contributions)	<u>86</u>	<u>112</u>

One director was a member of a defined pension scheme during the year (2001 – one)

Messrs Duncan, Lockhead, Lanaghan and Osbaldiston received remuneration from FirstGroup plc, the ultimate parent company, in the current and prior years, details of which are disclosed in its reports and accounts. It is not considered practicable to allocate this between services provided to that company and services provided in their capacity as directors to FB Properties Limited.

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002

5 Operating loss and loss on ordinary activities before taxation

	2002 £000	2001 £000
Operating loss and loss on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	13	22
Amounts written off work in progress	-	1

There are no audit fees for the current or prior years as they are borne by the ultimate parent company, FirstGroup plc.

6 Tax credit on loss on ordinary activities

	2002 £000	2001 Restated £000
<i>Current taxation</i>		
Group relief (receivable)/payable	(11)	55
Adjustments in respect of prior years	(155)	(183)
Total current tax	(166)	(128)
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(44)	(3)
	(210)	(131)

Adoption of FRS 19 has required a change in the method of accounting for deferred tax. As a result, the comparative figure for the tax credit on loss on ordinary activities for 2001 has been increased by £3,000. The impact of adopting FRS 19 on the 2002 results is an increase to the tax credit of £1,000.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual current tax charge for the current and previous year differed from the standard rate for the reasons set out in the following reconciliation.

	2002 %	2001 %
Standard rate of tax	30.0	30.0
Disallowable expenses	2.6	(44.3)
Difference between capital allowances and depreciation	(0.1)	(0.8)
Other timing differences	(30.5)	-
Prior year's tax	28.0	50.4
Current tax rate for the year	30.0	35.3

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002

7 Tangible fixed assets

	Other plant and equipment £000	Property £000	Total £000
Cost			
At beginning of year	93	630	723
Additions	13	-	13
Transfers	-	(622)	(622)
At end of year	<u>106</u>	<u>8</u>	<u>114</u>
Depreciation			
At beginning of year	78	-	78
Charge for year	13	-	13
At end of year	<u>91</u>	<u>-</u>	<u>91</u>
Net book value			
At 31 March 2002	<u>15</u>	<u>8</u>	<u>23</u>
At 31 March 2001	<u>15</u>	<u>630</u>	<u>645</u>

8 Stocks

	2002 £000	2001 £000
Property development work in progress	<u>1,456</u>	<u>2,054</u>

9 Debtors

	2002 £000	2002 £000
Other debtors	276	55
Other prepayments and accrued income	210	31
Amounts owed by group undertakings	-	128
Deferred tax asset	6	-
	<u>492</u>	<u>214</u>

10 Creditors

	2002 £000	2001 £000
Amounts falling due within one year		
Amounts owed to group undertakings	13,803	13,501
Accruals and deferred income	158	274
	<u>13,961</u>	<u>13,775</u>

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002

11 Provisions for liabilities and charges

	Deferred tax
	£000
At beginning of year as previously stated	44
Prior year adjustment	(6)
At 31 March 2001 as restated	38
Profit and loss account credit	(44)
At end of year	(6)

Details of the deferred tax asset are given in note 12. The balance is included in note 9 within debtors.

12 Deferred taxation

Provision for deferred tax consists of the following amounts:

	2002 £000	2001 £000
Capital allowances in excess of depreciation	(6)	(6)
Other timing differences	-	44
Total provision	(6)	38

13 Called up share capital

	2002 £	2001 £
Authorised, allotted, called up and fully paid:		
8,000 ordinary "A" shares of £1 each	8,000	8,000
2,000 ordinary "B" shares of £1 each	2,000	2,000
	10,000	10,000

There are no differences between the rights attached to each class of share.

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002

14 Profit and loss account

	£000
At beginning of year as previously stated	(10,873)
Prior year adjustment	6
31 March 2001 as restated	(10,867)
Retained loss for the year	(343)
At end of year	(11,210)

15 Commitments

The company had no capital or any other commitments at 31 March 2002 or at 31 March 2001.

16 Contingent liabilities

The company is a member of a Value Added Tax ("VAT") group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to H M Customs & Excise.

The company is a member of a banking group covering a number of subsidiary undertakings. The amount of the bank overdraft guaranteed is £nil (2001: £2.7m). The amount of the bank loan guaranteed at the year end is £315.1m (2001: £515.3m).

17 Pension scheme

The company is a member of three defined benefit pension schemes, which are funded. These are the Rider Pension Scheme, the GRT Bus Group Pension Scheme and the Badgerline Limited Pension Scheme. Details of the schemes are given in the financial statements of the following companies:

Scheme	Company
Rider Pension Scheme	Yorkshire Rider Limited
Badgerline Limited Pension Scheme	First Bristol Buses Limited
GRT Bus Group Pension Scheme	First Aberdeen Limited

Under FRS 17 the company is unable to identify its share of the underlying assets and liabilities of the scheme. Any deficit on the group scheme will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under FRS17 have been made in the financial statements noted above.

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 MARCH 2002

18 Related Party Transactions

The company is taking advantage of the exemption under FRS 8 not to disclose transactions with group companies that are related parties.

19 Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate and immediate parent company, which is the smallest and largest group that includes the company and for which group financial statements are prepared.

Copies of the accounts of FirstGroup plc can be obtained from the London office of this company at 3rd Floor, MacMillan House, Paddington Station, London, W2 1FG.