

FB PROPERTIES LIMITED

FINANCIAL STATEMENTS

31 MARCH 2000



**Company Registered
Number: 2094289**

FINANCIAL STATEMENTS

31 March 2000

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DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2000.

Principal activities

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

Review of developments and future prospects

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 the payment of a dividend (1999 – nil). The retained profit for the year was £2.6m (1999 – £0.1m).

Directors

The directors who held office during the year were as follows:

R A Duncan (appointed 7 March 2000)
D E Lawson (appointed 17 February 2000)
M Lockhead
J A Osbaldiston
T Smallwood (resigned 30 September 1999)
R A Lewis (resigned 17 February 2000)

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 are 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.

DIRECTORS' REPORT (continued)

The interests of Messrs Duncan, Lockhead and Osbaldiston in the ordinary shares of FirstGroup plc are disclosed in the directors' report of FirstGroup plc. D E Lawson held no interest in the ordinary shares of FirstGroup plc during the year.

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

Year 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business. However, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

Auditors

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually; Deloitte & Touche have indicated their willingness to continue as auditors of the company and are therefore deemed to be reappointed for a further term.

By order of the board

32a Weymouth Street
London
W1N 3FA



J A Osbaldiston
Director

1 August 2000

DIRECTORS' RESPONSIBILITIES

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, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 5 to 15, which have been prepared under the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London
EC4A 3TR

/ August 2000

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2000

		Year to 31 March 2000 £000	Year to 31 March 1999 £000
Turnover			
- continuing operations		13,896	-
Operating costs			
- General	2	(9,787)	(412)
Operating profit/(loss) and profit/(loss) on ordinary activities before taxation			
- continuing operations	5	4,109	(412)
Tax charge/(credit) on profit/(loss) on ordinary activities	6	1,486	(550)
Retained profit for the financial year	14	2,623	138

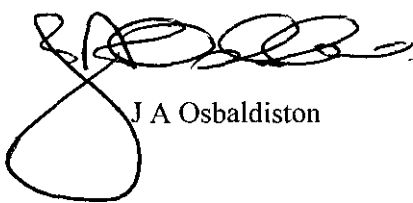
No statement of total recognised gains and losses is given as all gains or losses for the current and preceding year passed through the profit and loss account.

BALANCE SHEET

At 31 March 2000

	Notes	31 March 2000		31 March 1999	
		£000	£000	£000	£000
Assets employed:					
Fixed assets					
Tangible assets	7		<u>37</u>		<u>47</u>
Current assets					
Stocks	8	2,204		8,024	
Debtors	9	11		30	
Cash at bank and in hand		<u>2,602</u>		<u>2,526</u>	
		4,817		10,580	
Creditors: amounts falling due within one year	10	<u>(15,438)</u>		<u>(23,834)</u>	
Net current liabilities			<u>(10,621)</u>		<u>(13,254)</u>
Total assets less current liabilities			<u>(10,584)</u>		<u>(13,207)</u>
Provisions for liabilities and charges					
	11		<u>(44)</u>		<u>(44)</u>
			<u>(10,628)</u>		<u>(13,251)</u>
Financed by:					
Capital and reserves					
Called up share capital	13		10		10
Profit and loss account	14		<u>(10,638)</u>		<u>(13,261)</u>
Equity shareholders' funds			<u>(10,628)</u>		<u>(13,251)</u>

These financial statements were approved by the board of directors on 1 August 2000 and were signed on its behalf by:



J A Osbaldiston

Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 March 2000

	Year to 31 March 2000 £000	Year to 31 March 1999 £000
Profit for the financial year	2,623	138
Shareholders' funds at beginning of year	(13,251)	(13,389)
Shareholders' funds at end of year	<u>(10,628)</u>	<u>(13,251)</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.

NOTES TO THE ACCOUNTS

31 March 2000

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 accounting standards.

The ultimate parent company has agreed to provide FB Properties Limited with necessary working capital for at least one year from the date the balance sheet was signed 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

(c) Leases and hire purchase

Assets held under finance leases, which are those leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and under hire purchase contracts are recorded in the balance sheet as tangible fixed assets. Depreciation is provided on these assets over their estimated useful lives or lease term, as appropriate.

Future obligations under finance leases and hire purchase contracts are included in creditors, net of finance charges. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligations. The finance charges are calculated in relation to the reducing amount of obligations outstanding and are charged to the profit and loss account on the same basis.

All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

(d) Stocks

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

NOTES TO THE ACCOUNTS (continued)

31 March 2000

1 Principal accounting policies (continued)

(e) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax to the extent that it is probable that a liability or asset will crystallise.

(f) 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.

2 Operating costs

	Year to 31 March 2000 £000	Year to 31 March 1999 £000
Changes in stock property development		
Work in progress	9,112	-
Amounts written off WIP	45	100
Staff costs	270	177
External charges	342	118
Depreciation and other amounts written off tangible fixed assets	18	17
	<hr/>	<hr/>
	9,787	412
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS (continued)

31 March 2000

3 Employee numbers and costs

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

	Year to 31 March 2000	Year to 31 March 1999
Administration	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	Year to 31 March 2000 £000	Year to 31 March 1999 £000
Wages and salaries	220	154
Social security costs	26	15
Other pension costs	24	8
	<u>270</u>	<u>177</u>

4 Directors' remuneration

The total remuneration of the directors was as follows:

	Year to 31 March 2000 £000	Year to 31 March 1999 £000
Aggregate emoluments (excluding pension contributions)	<u>137</u>	<u>150</u>

One director was a member of a defined benefit pension scheme during the year (1999 - one).

Messrs Duncan, Lockhead, Osbaldiston and Smallwood received remuneration from FirstGroup plc, but 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)

31 March 2000

5 Profit/(loss) on ordinary activities before taxation

	Year to 31 March 2000 £000	Year to 31 March 1999 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	18	17
Amounts written off WIP	45	100

There is no audit fee in either the current or prior year as the cost is borne by the ultimate parent company, FirstGroup plc.

6 Tax charge/(credit) on profit/(loss) on ordinary activities

	Year to 31 March 2000 £000	Year to 31 March 1999 £000
UK Corporation tax at 30% (1999 - 31%)		
Prior year	(16)	(485)
Group relief payable/(receivable)	1,502	(77)
Transfer to deferred tax		
Current year	-	1
Prior year	-	11
	<u>1,486</u>	<u>(550)</u>

The charge for UK corporation tax for the current year has been reduced by the availability of group relief for which payment will be made.

In 1999, the tax credit does not bear a normal relationship to the loss for the year owing to an adjustment in respect of prior years.

NOTES TO THE ACCOUNTS (continued)

31 March 2000

7 Tangible fixed assets

	Other plant and equipment £000
Cost	
At beginning of year	85
Additions	8
At end of year	<u>93</u>
Depreciation	
At beginning of year	38
Charge for year	18
At end of year	<u>56</u>
Net book value	
At 31 March 2000	<u>37</u>
At 31 March 1999	<u>47</u>

8 Stocks

	31 March 2000 £000	31 March 1999 £000
Property development work in progress	<u>2,204</u>	<u>8,024</u>

9 Debtors

	31 March 2000 £000	31 March 1999 £000
Amounts due within one year		
Other prepayments and accrued income	<u>11</u>	<u>30</u>

NOTES TO THE ACCOUNTS (continued)

31 March 2000

10 Creditors

	31 March 2000 £000	31 March 1999 £000
Amounts falling due within one year		
Amounts owed to parent undertaking	13,786	23,439
Amounts owed to group undertakings	1,486	-
Accruals and deferred income	166	395
	<u>15,438</u>	<u>23,834</u>

11 Provisions for liabilities and charges

	Deferred tax £000
At beginning and end of year	<u>44</u>

12 Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below. The amounts unprovided represent contingent liabilities and are calculated using a tax rate of 30% (1999 - 31%).

	31 March 2000		31 March 1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Accelerated capital allowances	-	(3)	-	(2)
Other timing differences	44	-	44	-
	<u>44</u>	<u>(3)</u>	<u>44</u>	<u>(2)</u>

NOTES TO THE ACCOUNTS (continued)

31 March 2000

13 Called up share capital

	31 March 2000 £	31 March 1999 £
Authorised, allotted, called up and fully paid		
8000 ordinary "A" shares of £1 each	8,000	8,000
2000 ordinary "B" shares of £1 each	2,000	2,000
	<u>10,000</u>	<u>10,000</u>

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

14 Profit and loss account

	£000
At beginning of year	(13,261)
Retained profit for the year	<u>2,623</u>
At end of year	<u>(10,638)</u>

15 Commitments

The company had no capital or any other commitments at 31 March 2000 or at 31 March 1999.

16 Contingent liabilities

The company is a member of a 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 and Excise.

The company is a member of a banking group covering a number of subsidiary undertakings. All members of the banking group are jointly and severally liable in respect of any amounts owed to HSBC plc. The amount of bank overdraft guaranteed is £1.5m (1999: £2.1m). The amount of bank loan guaranteed at the year end is £592.3m (1999: £161m)

NOTES TO THE ACCOUNTS (continued)

31 March 2000

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 accounts 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

18 Ultimate parent company

The ultimate parent company and ultimate controlling party is FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Copies of the accounts of FirstGroup plc can be obtained from the Corporate Headquarters of this company at 32a Weymouth Street, London, W1N 3FA. The immediate controlling party is FirstGroup Holdings Limited.

19 Related Party Transactions

The company is taking advantage of the exemption granted by Financial Reporting Standard No. 8, "Related Party Transactions", not to disclose transactions to group companies which are related parties.