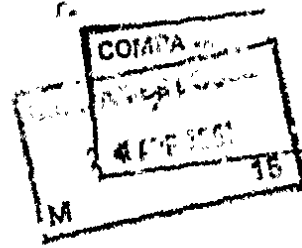


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REPORT AND ACCOUNTS

Luton & District  
Transport Limited

S E P T E M B E R 30, 1990



241  
FM

**Ernst & Young**

**DIRECTORS**

J B Hargreaves - Chairman  
G J Cumming  
P Collins  
J D Kingham  
C Pitcher

**SECRETARY**

P Thompson

**AUDITORS**

Ernst & Young  
400 Capability Green  
Luton  
Beds  
LU1 3LU

**BANKERS**

National Westminster Bank PLC  
Market Hill  
31 George Street  
Luton  
Beds

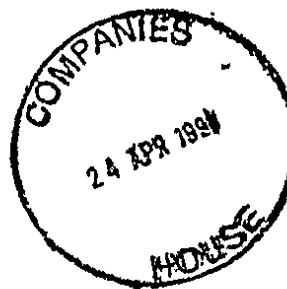
County NatWest Limited  
Wellesley House  
37 Waterloo Street  
Birmingham  
B2 5TJ

**SOLICITORS**

Kimbell & Co  
352 Silbury Court  
Silbury Boulevard  
Milton Keynes  
MK9 2HJ

**REGISTERED OFFICE**

Castle Street  
Luton  
Bedfordshire  
LU1 3AJ



## DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended September 30, 1990.

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the group is the operating of buses and coaches.

Industry in general has found 1990 to be a most difficult year, outlets of all sizes have gone into receivership due to high interest rates and the economic recession currently being experienced. In comparison to the rest of our industry the group fared extremely well and it is a credit to the workforce that an operating profit of £1,199,313 before interest and taxation was achieved.

In May 1990, the group acquired two-thirds of the Stevenage routes from Sovereign Bus and the new Stevenage Bus is building a good local reputation.

The group continues to invest in new vehicles and reaffirms its commitment to providing a top class service to the local communities that it serves.

The results of Derby City Transport Limited, in which the group has a 25% shareholding, were disappointing in its first six months which was due to intense competition that has now been eliminated. However, the results for the six months immediately prior to September 30, 1990 show that Derby City Transport Limited are now operating at a profitable level. The continued support of the group should ensure that Derby City Transport Limited will have a successful future.

### RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £159,490 and, subject to approval of the proposed final dividend, is dealt with as shown in the profit and loss account. The directors propose a final dividend of .5p per share which, together with the two interim dividends, makes a total of 2.5p per share for the year.

### SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The directors are of the opinion that the coming year will be one of continued growth, both in terms of turnover and profitability.

On October 12, 1990 the group acquired the entire share capital of Cambermarsh Limited. Cambermarsh Limited operated bus and coach services, through its subsidiary, London Country Bus (North West) Limited, from depots in Watford, Hemel Hempstead, Slough and High Wycombe. On October 12, 1990 the business, assets and liabilities of Cambermarsh Limited and London Country Bus (North West) Limited were hived up to Luton & District Transport Limited. The directors are confident that, with the aid of the employee ownership concept, the acquired business will contribute significantly to future profitability.

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors at September 30, 1990 and their interests in the share capital of the company were as follows:

	September 30, 1990		September 30, 1989	
	Ordinary 10p shares	Options on Ordinary 10p shares	Ordinary £1 shares	Options on Ordinary £1 shares
G J Cumming	300,010	400,000	30,000	60,000
P Collins	329,200	470,000	32,920	48,000
I B Hargreaves	391,166	-	37,278	-
J D Kingham	375,000	-	28,580	-

In addition, Mr B Green was appointed on October 1, 1989 and, together with Mr P M Grimes, resigned on March 28, 1990. Mr C Pitcher was appointed on October 1, 1990 and is required under Article 82 to offer himself for election at the annual general meeting. At September 30, 1990 Mr C Pitcher held 285,580 shares.

Mr J D Kingham is the director retiring by rotation under Article 66 and, being eligible, offers himself for re-election.

### DISABLED PERSONS

The group recognises its obligations to give disabled persons full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable the group will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled employees.

### EMPLOYEE INVOLVEMENT

During the year arrangements have been maintained whereby employees of the group are systematically provided with information on matters of concern to them as employees. Such matters have included the financial and economic factors affecting the performance of the group. Consultations with representatives of employees have also continued to take place on a regular basis, so that the views of the employees can be taken into account in making decisions which are likely to affect their interests. Such measures, which ensure provision of relevant information and consultation, encourage the involvement of employees in the performance of the group.

DIRECTORS' REPORT

FIXED ASSETS

The bus fleet was significantly enhanced by acquiring public service vehicles with a cost of £2,114,440 during the year.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the Board



P Thompson  
Secretary

January 29, 1991

Ernst & Young

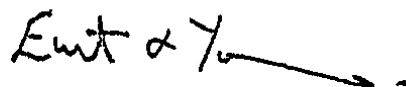
# Ernst & Young

## REPORT OF THE AUDITORS

to the members of Luton & District Transport Limited

We have audited the accounts on pages 6 to 23 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at September 30, 1990 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', with a long horizontal line extending to the right.

Ernst & Young  
Chartered Accountants  
Luton

January 29, 1991

Luton & District Transport Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended September 30, 1990

	Note	1990 £	1989 £
TURNOVER	2	16,035,402	14,984,576
Other operating income		240,473	98,653
		<u>16,275,875</u>	<u>15,083,234</u>
OPERATING COSTS	3	(14,959,812)	(13,719,592)
		<u>1,316,063</u>	<u>1,363,642</u>
Share of losses of associated company		<u>(116,750)</u>	<u>-</u>
GROUP OPERATING PROFIT		1,199,313	1,363,642
Interest receivable	7	185,522	58,250
		<u>1,384,835</u>	<u>1,421,892</u>
Interest payable and similar charges	8	(626,625)	(409,088)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAXATION		<u>758,210</u>	<u>1,012,804</u>
EXCEPTIONAL ITEMS	9	(410,836)	401,246
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>347,374</u>	<u>1,414,050</u>
Taxation	10	(187,884)	(405,449)
PROFIT FOR THE FINANCIAL YEAR		<u>159,490</u>	<u>1,008,601</u>
Dividends	11	(153,425)	(149,475)
PROFIT FOR THE YEAR	17	<u>6,065</u>	<u>859,126</u>

Luton & District Transport Limited

CONSOLIDATED BALANCE SHEET  
at September 30, 1990

	Note	1990 £	1989 £
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible assets	12	692,835	-
Tangible assets	13	8,183,197	5,300,773
Investments	14	794,053	801,303
		<u>9,670,085</u>	<u>6,102,076</u>
<b>CURRENT ASSETS</b>			
Stocks		413,890	335,943
Debtors	15	1,021,611	885,391
Cash at bank and in hand		404,096	313,097
		<u>1,839,597</u>	<u>1,534,431</u>
<b>TOTAL ASSETS</b>		<u>11,509,682</u>	<u>7,636,507</u>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	622,102	601,102
Reserves	17	2,805,254	1,369,913
		<u>3,427,356</u>	<u>1,971,015</u>
<b>CREDITORS</b>			
Trade and other creditors	18	3,746,853	2,521,524
Taxation		595,668	472,184
Obligations under finance leases	20	3,194,305	2,068,041
Proposed dividends	11	31,105	30,055
		<u>10,995,287</u>	<u>7,062,819</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	21	514,395	573,688
G J Cumming	)		
P Collins	) Directors		
January 29, 1991		<u>11,509,682</u>	<u>7,636,507</u>

Ernst & Young



Luton & District Transport Limited

BALANCE SHEET  
at September 30, 1990

	Note	1990 £	1989 £
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible assets	12	692,835	-
Tangible assets	13	8,183,197	5,300,773
Investments	14	1,226,353	1,335,079
		<u>10,102,385</u>	<u>6,635,852</u>
<b>CURRENT ASSETS</b>			
Stocks		413,890	335,943
Debtors	15	1,021,611	885,391
Cash at bank and in hand		404,096	313,097
		<u>1,839,597</u>	<u>1,534,431</u>
<b>TOTAL ASSETS</b>		<u>11,941,982</u>	<u>8,170,283</u>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	622,102	601,102
Reserves	17	2,075,554	741,689
		<u>2,697,656</u>	<u>1,342,791</u>
<b>CREDITORS</b>			
Trade and other creditors	18	3,746,853	2,521,524
Amounts owed to subsidiaries		1,162,000	1,162,000
Taxation		595,668	472,184
Obligations under finance leases	20	3,194,305	2,068,041
Proposed dividends	11	31,105	30,055
		<u>11,427,587</u>	<u>7,596,595</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	21	514,395	573,688
G J Cumming	) Directors		
P Collins			
January 29, 1991		<u>11,941,982</u>	<u>8,170,283</u>

Ernst & Young

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS  
for the year ended September 30, 1990

	1990 £	1989 £
<b>SOURCE OF FUNDS</b>		
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	347,374	1,414,050
Adjustment for items not involving the movement of funds:		
Depreciation of fixed assets	927,845	766,063
Amortisation of goodwill	26,610	-
Loss/(profit) on sale of fixed assets	207	(44,204)
Share of losses before taxation of associated company	116,750	-
<b>TOTAL GENERATED FROM OPERATIONS</b>	<b>1,418,786</b>	<b>2,135,909</b>
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds of share issue	21,000	8,000
Proceeds of sale of fixed assets	89,362	133,035
Obligations under finance leases	1,668,940	1,535,924
Bank loan	1,000,000	-
<b>Total sources of funds</b>	<b>4,198,088</b>	<b>3,812,868</b>
<b>APPLICATION OF FUNDS</b>		
Purchase of goodwill on acquisition of Stevenage Bus*	719,445	-
Purchase of 25% of Derby City Transport Limited	-	151,303
Purchase of fixed assets	2,474,494	1,907,694
Obligations under finance leases	542,676	388,332
Bank loan	144,000	144,000
Loan to Derby City Transport Limited	100,000	650,000
Taxation paid	30,055	171,877
Dividends paid	152,375	119,420
	<b>4,163,045</b>	<b>3,532,626</b>
<b>WORKING CAPITAL INCREASE</b>	<b>35,043</b>	<b>280,242</b>
<b>COMPONENTS OF INCREASE IN WORKING CAPITAL</b>		
Arising from movements in:		
Stocks	77,947	66,723
Debtors	176,027	(421,802)
Trade and other creditors	(116,922)	571,473
Liquid funds	(102,009)	63,848
	<b>35,043</b>	<b>280,242</b>

\* See note 12 for an analysis of the acquisition of Stevenage Bus.

NOTES TO THE ACCOUNTS

at September 30, 1990

1 ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention.

*Basis of consolidation*

The consolidated accounts incorporate the accounts of the company and each of its subsidiaries for the year ended September 30, 1990. No profit and loss account is presented for Luton & District Transport Limited as provided by section 230 of the Companies Act 1985.

Companies, other than subsidiaries, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated companies. Such companies are also related companies as defined in the Companies Act 1985 and there are no other related companies. The group accounts include the appropriate share of these companies' results and reserves based on audited accounts to September 30, 1990.

*Capital reserve and goodwill*

Depending on the directors' judgement of the circumstances of each acquisition, purchased goodwill is either set off directly against reserves or amortised through the profit and loss account over the directors' estimate of its useful life.

*Grants*

Grants in respect of fuel duty rebate and rural bus operations are taken into account in the profit and loss account.

*Depreciation*

Freehold land and assets in the course of construction are not depreciated. The cost of fixed assets is depreciated on a straight line basis over the expected useful lives as follows:

Freehold buildings	40 years
Public service vehicles, depending upon type	6-16 years
Mini buses, staff cars, lorries etc	3-5 years
Plant and machinery, fixtures and fittings	5-10 years
Office machinery	5 years
Ticket machines	3 years
Computers	3-5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

NOTES TO THE ACCOUNTS  
at September 30, 1990

## 1 ACCOUNTING POLICIES (continued)

*Stock*

Stock is valued on an average cost price basis after due allowance for obsolete or slow moving items. Stock consists of engineering spare parts, spare units, fuel and lubricants.

*Leased assets*

Assets held under the terms of finance leases are capitalised, the capital element of the related rental obligation is included in creditors. The interest element is charged to the profit and loss account under the actuarial method. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

*Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

*Pension benefits*

Pension benefits are funded over the employees' periods of service. The company's contributions are based upon rates provided by the actuaries. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as is possible, to the service lives of the employees concerned.

## 2 TURNOVER

Turnover is the gross revenue for road passenger transport and other ancillary operations.

## 3 OPERATING COSTS

	1990 £	1989 £
Materials and consumables	3,753,315	3,606,156
Other external charges	1,445,575	1,407,957
Auditors' remuneration	16,500	15,000
Staff costs - wages and salaries	8,205,925	7,426,504
- social security costs	634,671	589,316
- other pension costs	424,867	429,761
Depreciation - owned assets	421,201	434,315
- leased assets	506,644	331,748
Amortisation of goodwill	26,610	-
Operational lease rentals - land and buildings	143,504	84,251
- plant and machinery	148,601	183,362
Rural grants	(8,538)	(52,775)
Reimbursement of fuel duty	(759,063)	(736,003)
	<u>14,959,812</u>	<u>13,719,592</u>

NOTES TO THE ACCOUNTS  
at September 30, 1990

4 EMOLUMENTS OF DIRECTORS

	1990 £	1989 £
Fees	26,500	26,208
Remuneration, including pension contributions	168,864	120,903
Compensation for loss of office	210,017	-
	<u>405,381</u>	<u>147,111</u>

The emoluments, excluding pension contributions, of directors of the company were as follows:

	1990 £	1989 £
Chairman	26,468	22,044
Highest paid director	<u>62,331</u>	<u>45,913</u>

Number of directors 1990	Number of directors 1989
--------------------------------	--------------------------------

Other directors in scale  
£ 5,001 to £10,000  
£15,001 to £20,000  
£20,001 to £25,000  
£30,001 to £35,000  
£40,001 to £45,000

1	1
1	-
1	-
-	2
1	-

5 STAFF NUMBERS

The average number of persons employed during the year, including directors, was as follows:

	1990	1989
Drivers	551	477
Maintenance and engineers	127	122
Administration, marketing and travel shop staff	110	109
	<u>788</u>	<u>708</u>

Included in the numbers for the year ended September 30, 1990 are 68 part time employees (1989 - 80).

NOTES TO THE ACCOUNTS  
at September 30, 1990

## 6 PENSION COSTS

The group operates a pension scheme providing benefits based on the greater of final pensionable pay and defined contributions. The assets of the scheme are held separately from those of the group, being invested in insurance companies and a Building Society. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the defined accrued benefits method. The most recent actuarial valuation was at September 30, 1988 which showed that the market value of the scheme's assets was £753,000 and that this value is not significantly different from the benefits accrued to members. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum and that salaries would increase by 6% per annum and future pensions would increase at the rate of 3% per annum. The pension charge for the year was £424,867 (1989 - £429,761) and is equal to contributions paid. The contributions of the group will remain at 12.1% of earnings, less employees' contributions which are based on an age related scale.

## 7 INTEREST RECEIVABLE

	1990 £	1989 £
Bank interest	57,410	58,250
Interest on loan to associated company	128,112	-
	<u>185,522</u>	<u>58,250</u>

## 8 INTEREST PAYABLE AND SIMILAR CHARGES

	1990 £	1989 £
Interest on bank overdrafts repayable within one year	18,458	14,503
Interest on bank loans repayable after more than five years	247,664	173,168
Interest on other loans repayable within five years	-	8,143
Finance lease charges and hire purchase interest	360,503	213,274
	<u>626,625</u>	<u>409,088</u>

NOTES TO THE ACCOUNTS  
at September 30, 1990

9 EXCEPTIONAL ITEMS

	1990 £	1989 £
Concessionary fare income	-	152,785
Profit on sale of properties	-	248,461
Redundancy payments	(200,819)	-
Compensation for loss of office payments to directors	(210,017)	-
	<u>(410,836)</u>	<u>401,246</u>

10 TAXATION

The charge based on the result for the year comprises:

	1990 £	1989 £
UK Corporation tax		
Current at 35% (1989 - 35%)	193,346	472,184
Deferred	4,038	(66,735)
	<u>197,384</u>	<u>405,449</u>
Associated company	(9,500)	-
	<u>187,884</u>	<u>405,449</u>

11 DIVIDENDS

	1990 £	1989 £
Ordinary		
- interim 1p per share	60,110	59,310
- interim 1p per share	62,210	60,110
- proposed final .5p per share	31,105	30,055
	<u>153,425</u>	<u>149,475</u>

# Luton & District Transport Limited

## NOTES TO THE ACCOUNTS at September 30, 1990

### 12 INTANGIBLE ASSETS

Group and Company

*Goodwill*  
£

#### Cost

Additions during the year

719,445

At September 30, 1990

719,445

#### Amortisation

Provided during the year

(26,610)

At September 30, 1990

(26,610)

#### Net book amount

At September 30, 1990

692,835

Goodwill arising on the purchase of Stevenage Bus is being amortised over the directors' estimate of its useful economic life of 10 years.

Analysis of the additions during the year.

Net assets of Stevenage Bus purchased:-

	<i>Book Value £</i>	<i>Adjustments £</i>	<i>Fair Value £</i>
Tangible fixed assets	882,414	(30,500)(a)	851,914
Stock	33,883	-	33,883
Finance lease obligations	(381,042)	-	(381,042)
Net assets	535,255	(30,500)	504,755
Purchased goodwill			719,445
			1,224,200
Discharged by:-			
Cash consideration			1,168,663
Expenses			55,537
			1,224,200

Adjustments:-

(a) Write down of public service vehicles following reassessment of fair value.



NOTES TO THE ACCOUNTS  
at September 30, 1990

13 TANGIBLE FIXED ASSETS  
Group and Company

	<i>Land and buildings £</i>	<i>Public service vehicles £</i>	<i>Plant &amp; equipment £</i>	<i>Assets in the course of construction £</i>	<i>Total £</i>
<u>Cost or valuation</u>					
At September 30, 1989	2,193,637	5,498,578	948,520	112,447	8,753,182
Additions	39,090	2,114,440	320,964	-	2,474,494
Disposals	-	(93,157)	(378,308)	-	(471,465)
Transfers	-	-	110,453	(110,453)	-
Surplus on revaluation	1,319,650	-	-	-	1,319,650
At September 30, 1990	3,552,377	7,519,861	1,001,629	1,994	12,075,861
<u>Depreciation</u>					
At September 30, 1989	75,087	2,797,965	579,357	-	3,452,409
Charge for the year	36,644	706,051	185,150	-	927,845
Relating to disposals	-	(78,732)	(303,165)	-	(381,897)
Release on revaluation	(105,693)	-	-	-	(105,693)
At September 30, 1990	6,038	3,425,284	461,342	-	3,892,664
<u>Net book amounts</u>					
At September 30, 1990	3,546,339	4,094,577	540,287	1,994	8,183,197
At September 30, 1989	2,118,550	2,700,613	369,163	112,447	5,300,773

The net book value of land and buildings comprises:

	<i>1990 £</i>	<i>1989 £</i>
Freehold	3,445,000	2,052,787
Long leasehold	99,601	63,949
Short leasehold	1,738	1,814
	<u>3,546,339</u>	<u>2,118,550</u>

NOTES TO THE ACCOUNTS  
at September 30, 1990

13 TANGIBLE FIXED ASSETS (continued)

Freehold land and buildings were valued on an open market value for existing use basis on September 30, 1990 by Connell Wilson, Chartered Surveyors.

The historical cost of freehold land and buildings included at valuation is as follows:

At September 30, 1990 £2,125,350

At September 30, 1989 £2,052,787

The net book amount in respect of land included in freehold land and buildings at September 30, 1990 amounted to £1,675,000 (1989 - £679,666).

The net book amount of public service vehicles at September 30, 1990 includes £3,399,708 (1989 - £2,210,060) and plant and equipment includes £14,485 (1989 - £43,908) in respect of leased assets.

14 FIXED ASSET INVESTMENTS

Group  
Associated Company

	1990 £	1989 £
Investment	44,053	151,303
Long term loan to associated company	750,000	650,000
	<u>794,053</u>	<u>801,303</u>

The investment in the associated company comprises:

	Share of net liabilities £	Goodwill equalisation reserve £	Total £
At September 30, 1989	(201,197)	352,500	151,303
Share of losses of associated company	(107,250)	-	(107,250)
Share of goodwill purchased during the year	(168,750)	168,750	-
At September 30, 1990	<u>(477,197)</u>	<u>521,250</u>	<u>44,053</u>

The group's share of net liabilities is before deducting the long term loan from the group to the associated company.

NOTES TO THE ACCOUNTS  
at September 30, 1990

14 FIXED ASSET INVESTMENTS (continued)

The results of the associated company, Derby City Transport Limited, for the period since acquisition to September 30, 1990 are summarised below:

	1990 £000
Turnover	8,548
Operating costs	8,048
Operating profit	500
Net interest payable	967
Loss for the period on ordinary activities before taxation	(467)
Taxation	38
Loss for the period on ordinary activities after taxation	(429)
Group's share of losses before taxation	(107)

Company	1990 £	1989 £
Associated Company		
Shares at cost	151,303	151,303
Long term loan	750,000	650,000
	901,303	801,303
Subsidiary companies		
Shares at cost	827,967	831,899
Provision for diminution in value	(502,917)	(298,123)
	325,050	533,776
	1,226,353	1,335,079

The long term loan to the associated company is repayable by quarterly instalments of £40,625 commencing on November 25, 1991. Interest and capital repayments of this loan can only be made out of the associated company's profits once its scheduled bank loan repayments have been made.

NOTES TO THE ACCOUNTS  
at September 30, 1990

## 14 FIXED ASSET INVESTMENTS (continued)

The subsidiary and associated companies at September 30, 1990 were:

	Country of registration	Nature of business	Proportion of £1 ordinary shares held
Subsidiary companies			
Red Rover Omnibus Limited	England	Dormant	100%
Lynbrel Limited	England	Dormant	100%
Milton Keynes Coaches Limited	England	Dormant	100%
Associated company			
Derby City Transport Limited	England	Bus & coach operator	25%

## 15 DEBTORS

Group and Company

	1990 £	1989 £
Trade debtors	562,411	525,726
Other debtors	193,569	124,363
Taxation	-	39,807
Prepayments and accrued income	135,597	135,996
Central government debtor	130,034	59,499
	<u>1,021,611</u>	<u>885,391</u>

## 16 CALLED UP SHARE CAPITAL

	1990 £	Authorised 1989 £	1990 £	Alotted and fully paid 1989 £
Ordinary shares of 10p each	<u>10,000,000</u>	<u>10,000,000</u>	<u>622,102</u>	<u>601,102</u>

A resolution dividing the £1 shares into 10p shares was passed at the annual general meeting on March 28, 1990.

	£
Balance at September 30, 1989	601,102
Exercise of options on 210,000 ordinary shares of 10p each	<u>21,000</u>
Balance at September 30, 1990	<u>622,102</u>

On August 6, 1990 share options relating to 210,000 ordinary shares of 10p each were exercised. The 210,000 shares of 10p each were issued for cash at par.

# NOTES TO THE ACCOUNTS

at September 30, 1990

## 17 RESERVES

## Group

	Revaluation reserve £	Capital reserve £	Profit and loss account £	Total £
At September 30, 1989	-	228,368	1,141,545	1,369,913
Adjustment	-	3,932	-	3,932
Surplus on revaluation of assets	1,425,344	-	-	1,425,344
Profit for the year	-	-	6,065	6,065
At September 30, 1990	<u>1,425,344</u>	<u>232,300</u>	<u>1,147,610</u>	<u>2,805,254</u>

## Company

	Revaluation reserve £	Profit and loss account £	Total £
At September 30, 1989	-	741,689	741,689
Surplus on revaluation of assets	1,425,344	-	1,425,344
Loss for the year	-	(91,479)	(91,479)
At September 30, 1990	<u>1,425,344</u>	<u>650,210</u>	<u>2,075,554</u>

## 18 TRADE AND OTHER CREDITORS

## Group and Company

	1990 £	1989 £
Bank overdrafts	193,008	-
Bank loans	1,959,000	1,103,000
Trade creditors	746,813	707,459
Other taxation and social security	272,950	231,942
Accruals and deferred income	412,232	273,180
Other creditors	162,850	205,943
	<u>3,746,853</u>	<u>2,521,524</u>

The above creditors are all repayable within one year with the exception of the bank loans (see note 19). The bank loans and overdrafts totalling £2,152,008 (1989 - £1,103,000) are secured by a fixed charge over the company's freehold land and buildings.

NOTES TO THE ACCOUNTS  
at September 30, 1990

19 LOANS

Group and Company

Details of loans not wholly repayable within five years are as follows:

	1990 £	1989 £
1½% above National Westminster Bank plc base rate, with a minimum base rate of 7%, payable in monthly instalments of £12,000 with the final instalment payable in May 1997	959,000	1,103,000
1½% above National Westminster Bank plc base rate, with a minimum base rate of 7½%, repayable in monthly instalments of £9,260 commencing in June 1991. The final instalment is payable in May 2000.	1,000,000	-
	<u>1,959,000</u>	<u>1,103,000</u>

Amounts due at September 30, 1990 are repayable as follows:

	1990 £	1989 £
Within one year	181,040	144,000
One to two years	255,120	144,000
Two to five years	765,360	432,000
After five years	757,480	383,000
	<u>1,959,000</u>	<u>1,103,000</u>

20 OBLIGATIONS UNDER FINANCE LEASES

Group and Company

The net obligations under finance leases are repayable as follows:

	1990 £	1989 £
Within one year	498,202	351,132
Two to five years	1,594,658	1,064,895
After five years	1,101,443	652,014
	<u>3,194,305</u>	<u>2,068,041</u>

NOTES TO THE ACCOUNTS  
at September 30, 1990

## 21 PROVISIONS FOR LIABILITIES AND CHARGES

Group and Company

	<i>Deferred taxation</i> £	<i>Other provision</i> £	<i>Total</i> £
At September 30, 1989	283,737	289,951	573,688
Charge/(credit) for the year	4,038	(63,331)	(59,293)
Balance at September 30, 1990	<u>287,775</u>	<u>226,620</u>	<u>514,395</u>

The components of the provision for deferred taxation are as follows:

	<i>1990</i> £	<i>1989</i> £
Short term timing differences	(9,586)	(5,370)
Accelerated capital allowances	218,375	232,305
Leased assets	78,986	56,802
	<u>287,775</u>	<u>283,737</u>

A potential taxation liability of approximately £470,000 in respect of chargeable gains on the revaluation of freehold property has not been provided in these accounts since it is the intention of the directors to hold the properties for the long term and, should they be sold, the gains are to be rolled over against subsequent tangible fixed asset additions.

## 22 FINANCIAL COMMITMENTS

Group and Company

Authorised future capital expenditure amounted to:

	<i>1990</i> £	<i>1989</i> £
Contracted	<u>1,820,180</u>	<u>1,154,850</u>

NOTES TO THE ACCOUNTS  
at September 30, 1990

## 22 FINANCIAL COMMITMENTS (continued)

The annual commitment under non-cancellable operating leases was as follows:

## Group and Company

	<i>Land and buildings</i>		<i>Plant and machinery</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
	£	£	£	£
Leases expiring				
Within one year	-	-	905	10,710
Within two to five years	-	-	161,963	133,600
Thereafter	29,000	29,000	-	9,414
	<u>29,000</u>	<u>29,000</u>	<u>162,868</u>	<u>153,724</u>

## 23 SUBSEQUENT EVENT

On October 12, 1990 the company acquired the entire share capital of Cambermarsh Limited and its trading subsidiary, London Country Bus (North West) Limited for £648,000, together with freehold property in Watford for £3,100,000. On October 12, 1990 the business, assets and liabilities of Cambermarsh Limited and London Country Bus (North West) Limited were hived up to the company. London Country Bus (North West) Limited operated from depots in Watford, Hemel Hempstead, Slough and High Wycombe.