

UNITED AUTOMOBILE ENTERPRISES LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTHS ENDED
31 MARCH 1995**

Company Number: 2157220



UNITED AUTOMOBILE ENTERPRISES LIMITED

Report for the Fifteen Months Ended 31 March 1995

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UNITED AUTOMOBILE ENTERPRISES LIMITED

Directors' Report for the Fifteen Months Ended 31 March 1995

1. The directors present their report and the audited financial statements for the fifteen months ended 31 March 1995.
2. On 24 November 1994 the entire issued share capital of the then ultimate parent undertaking Drymona Limited was acquired by WM Ventures Limited, which is a wholly owned subsidiary of West Midlands Travel Limited.

Principal Activities

3. The company ceased to trade on 31 March 1995 and was engaged in the rental of properties to fellow subsidiaries up to that date, these have been disclosed as discontinued within the financial statements.

Review of the Business and Future Developments

4. The directors consider the results for the period to be satisfactory. There are no plans to re-commence trading in the near future.

Dividends and transfer to reserves

5. The profit for the period amounted to £1,513,000. An interim dividend amounting to £1,170,000 has been paid and the retained profit of £343,000 will be transferred to reserves.

Directors

6. The directors of the company at 31 March 1995 are listed below. All the directors served throughout the period or from the date of their appointment if later or to the date of their resignation.

B Kerslake	(appointed 24 November 1994) Chairman
P White	(appointed 24 November 1994)
K Hodgson	(resigned 24 November 1994)
M S Widmer	
S Spinks	(resigned 10 March 1995)
D Grace	(resigned 24 November 1994)

7. Mr B Kerslake resigned on 1 September 1995.

Directors' Interests

8. None of the directors who held office at the end of the financial period had any interests in the shares of the company.
9. The interests of Mr B Kerslake and Mr P M White in shares and share options of the ultimate parent undertaking are shown in the financial statements of that company.

UNITED AUTOMOBILE ENTERPRISES LIMITED

Directors' Report for the Fifteen Months Ended 31 March 1995 (Continued)

Changes in Fixed Assets

10. The movements in fixed assets during the period are set out in note 8 to the financial statements.

Post Balance Sheet Event

11. On 26 April 1995 an offer to acquire the entire issued share capital of West Midlands Travel Limited by National Express Group PLC was made unconditional and the recommended Merger Offer ("the Merger") was completed on 19 July 1995.

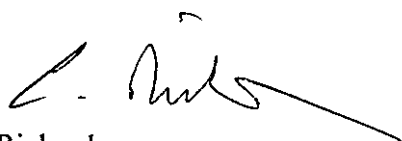
Statement of Directors' Responsibilities

12. The directors are required by UK company law to prepare financial statements for each financial year that 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 of the company for that period.
13. The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 15 months ended 31 March 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.
14. The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

15. The auditors, KPMG Peat Marwick resigned on 24 November 1994 and Coopers & Lybrand were appointed. A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board



L Richards
Company Secretary

13 September 1995

Report of the Auditors to the Members of United Automobile Enterprises Limited

We have audited the financial statements on pages 5 to 11.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

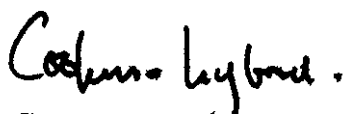
Basis of Opinion

We conducted our audit in accordance with 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 at 31 March 1995 and of the profit and total recognised gains of the company for the fifteen months then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Birmingham

13 September 1995

UNITED AUTOMOBILE ENTERPRISES LIMITED

Profit and Loss Account for the Fifteen Months Ended 31 March 1995

		Discontinued operations	
	Notes	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000 as restated
Turnover	2	-	40
Cost of sales		-	(10)
Gross profit		-	30
Administrative expenses		(11)	(20)
Operating (loss)/profit	5	(11)	10
Profit on sale of tangible fixed assets in discontinued operations		1,530	-
Profit on ordinary activities before taxation		1,519	10
Tax on profit on ordinary activities	6	(6)	(240)
Profit/(loss) on ordinary activities after taxation		1,513	(230)
Interim dividend	7	(1,170)	-
Retained profit/(loss) for the financial period		343	(230)

Statement of recognised gains and losses

	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000
Profit/(loss) on ordinary activities after taxation	1,513	(230)
Realisation of revaluation reserve	811	-
	2,324	(230)

Note of historical cost profit and losses

	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000
Reported profit on ordinary activities before taxation	1,519	10
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	4	9
Historical cost profit on ordinary activities before taxation	1,523	19
Historical cost profit/(loss) for the period retained after taxation and dividends	347	(221)

The notes on pages 7 to 11 form part of these financial statements.

UNITED AUTOMOBILE ENTERPRISES LIMITED

Balance Sheet as at 31 March 1995

	Notes	31 March 1995 £'000	31 December 1993 £'000
Fixed assets			
Tangible assets	8	-	980
Current assets			
Debtors	9	2,060	34
Cash at bank and in hand		5	-
		<u>2,065</u>	<u>34</u>
Creditors: Amounts falling due within one year	10	(2,023)	(1,083)
Net current assets/(liabilities)		<u>42</u>	<u>(1,049)</u>
Provision for liabilities and charges	11	-	(232)
Net assets/(liabilities)		<u>42</u>	<u>(301)</u>
Capital and reserves			
Called up share capital	12	-	-
Revaluation reserve	13	-	811
Profit and loss account	13	42	(1,112)
Equity shareholders' funds	14	<u>42</u>	<u>(301)</u>

The financial statements on pages 5 to 11 were approved by the Board of Directors on 13 September 1995 and were signed on its behalf by:



Director

The notes on pages 7 to 11 form part of these financial statements.

UNITED AUTOMOBILE ENTERPRISES LIMITED

Notes to the financial statements for the fifteen months ended 31 March 1995

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. As the company is a wholly owned subsidiary of West Midlands Travel Limited, it is exempt under the terms of Financial Reporting Standard No 1 from publishing a cashflow statement. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Changes in comparative figures

The comparative figures in the profit and loss account have been restated to categorise costs between gross profit and net operating expenses on a basis consistent with the ultimate parent undertaking. Costs totalling £30,000 previously described as operating costs have been reclassified as cost of sales and administrative expenses of £10,000 and £20,000 respectively.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention adjusted for the revaluation of certain fixed assets.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is provided on the following bases:

Freehold buildings	40 years
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No depreciation is provided on freehold land.

Deferred taxation

Deferred taxation is provided using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise. A deferred tax asset or liability is recorded if the timing differences are expected to reverse in the foreseeable future.

2. Turnover

Turnover represents amounts derived from rental charges net of value added tax. The source and destination of turnover is wholly within the United Kingdom and arises from a single class of business.

UNITED AUTOMOBILE ENTERPRISES LIMITED

Notes to the financial statements for the fifteen months ended 31 March 1995

3. Directors' Emoluments

The directors of the company were employed by, and received their emoluments from North East Bus Limited, Westcourt Bus Group Limited or West Midlands Travel Limited. Details of their remuneration are shown in the relevant company's financial statements.

4. Employee Information

There were no employees other than the directors, details of whom appear in the directors' report.

5. Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000
Auditors' remuneration		
- audit services	1	-
- non audit services	1	-
Depreciation of tangible fixed assets	8	20
	<u>8</u>	<u>20</u>

6. Tax on Profit on Ordinary Activities

	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000
United Kingdom corporation tax at 33% (1993: 33%) on the profit for the period on ordinary activities	238	8
Deferred tax:		
- current period	(232)	232
	<u>6</u>	<u>240</u>

7. Dividends

	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000
Interim dividend of £585,000 per share	1,170	-
	<u>1,170</u>	<u>-</u>

UNITED AUTOMOBILE ENTERPRISES LIMITED

Notes to the financial statements for the fifteen months ended 31 March 1995

8. Tangible Fixed Assets

	Freehold land and buildings £'000
Cost or valuation	
At 1 January 1994	1,000
Disposals	(1,000)
At 31 March 1995	-
Depreciation	
At 1 January 1994	20
Charge for year	8
On disposals	(28)
At 31 March 1995	-
Net book value	
At 31 March 1995	-
At 31 December 1993	980

If land and buildings had not been revalued they would have been included at the following amounts:

	31 March 1995 £'000	31 December 1993 £'000
Cost	-	440
Aggregate depreciation cost	-	(59)
	-	381

9. Debtors

	31 March 1995 £'000	31 December 1993 £'000
Amounts owed by parent and fellow subsidiary undertakings	2,060	34

UNITED AUTOMOBILE ENTERPRISES LIMITED

Notes to the financial statements for the fifteen months ended 31 March 1995

10. Creditors: Amounts falling due within one year

	31 March 1995 £'000	31 December 1993 £'000
Bank loans and overdrafts	-	1
Trade creditors	-	4
Amounts owed to parent and fellow subsidiary undertakings	1,782	1,065
Corporation tax	239	8
Other creditors	2	-
Accruals and deferred income	-	5
	<u>2,023</u>	<u>1,083</u>

11. Provision for Liabilities and Charges

	Deferred tax £'000
At 1 January 1994	232
Profit and loss account	(232)
At 31 March 1995	<u>-</u>

12. Called Up Share Capital

	31 March 1995 £'000	31 December 1993 £'000
Authorised		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

13. Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 1994	811	(1,112)
Retained profit for period	-	343
Transfer to profit and loss account	(811)	811
At 31 March 1995	<u>-</u>	<u>42</u>

UNITED AUTOMOBILE ENTERPRISES LIMITED

Notes to the financial statements for the fifteen months ended 31 March 1995

14. Reconciliation of Movements in Equity Shareholders' Funds

	15 months ended 31 March 1995 £'000	Year ended 31 December 1993 £'000
Opening shareholders' funds	(301)	(71)
Retained profit/(loss) for the financial period	343	(230)
Closing shareholders' funds	<u>42</u>	<u>(301)</u>

15. Deferred Tax

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability are as follows:

	Amount provided		Amount unprovided	
	1995 £'000	1993 £'000	1995 £'000	1993 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	<u>-</u>	<u>232</u>	<u>-</u>	<u>-</u>

16. Financial Commitments

The assets of the company are subject to a fixed and floating charge as security against bank borrowings of £25,000,000 by West Midlands Travel Limited.

17. Ultimate Parent Undertaking

The company is a wholly owned subsidiary of North East Bus Limited, a company registered in England and Wales. West Midlands Travel Limited is the parent undertaking of the whole Group for which Group financial statements are prepared. Copies of the parent's consolidated financial statements may be obtained from The Secretary, West Midlands Travel Limited, St Andrew's House, 10 St Paul's Square, Birmingham, B3 1QU.

18. Post Balance Sheet Event

Details of the post balance sheet event are included in the Directors' report.