

RIDER HOLDINGS LIMITED

Report and Financial Statements

31 March 2003



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T M Broxton
J I Davies
D J Leeder

SECRETARY

T M Broxton

REGISTERED OFFICE

Kirkstall Road
Leeds
West Yorkshire
LS3 1LH

BANKERS

HSBC Bank plc
PO Box 120
49 Corn Street
Bristol
BS99 7PP

SOLICITORS

Burges Salmon
Narrow Quay House
Narrow Quay
Prince Street
Bristol
BS1 4AH

AUDITORS

Deloitte & Touche
London

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company is as a holding company.

REVIEW OF THE BUSINESS

The directors are satisfied with the result for the year and are confident that the company will achieve a similar result in the coming year.

FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 6.

The directors do not recommend payment of a dividend (2002 - £Nil).

FIXED ASSETS

In the opinion of the directors, there were no material differences between the market values of the company's properties and their net book values.

DIRECTORS

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

T M Broxton
J I Davies
D J Leeder

None of the directors held any shares in the company at any time during the year.

The directors who held office at the end of the year had the following interests in the ordinary shares of FirstGroup plc:

	Ordinary shares		Savings related share options	
	At beginning of year	At end of year	At beginning of year	At end of year
Directors	5p shares	5p shares	5p shares	5p shares
T M Broxton	423	763	323	1,968
J I Davies	3,507	3,507	-	-
D J Leeder	-	119	-	4,921

Share options under long term incentive plan

Director	At beginning of year	At end of year
	5p shares	5p shares
T M Broxton	-	-
D J Leeder	-	26,914
J I Davies	30,610	45,703

In addition DJ Leeder holds 14,983 (2002 - nil) and JI Davies holds 8,050 (2002 - 3,630) shares under deferred share bonus plans.

DIRECTORS' REPORT

DIRECTORS (continued)

Information, including details of exercise prices, relating to the long term incentive plan are given in Note 31 of the financial statements of FirstGroup plc.

The numbers of options and the exercise prices were varied during the year to take account of the dilutive effect of the FirstGroup plc rights issue.

The market price of FirstGroup plc shares at 31 March 2003 was 239.5p and the range during the year was 200p to 338.75p.

There is no contract or arrangement with the company or any of its fellow group undertakings, other than service contracts or loan notes mentioned above, 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 have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Deloitte & Touche have informed the directors that they have transferred their business to a limited liability partnership incorporated under the Limited Liability Partnership Act 2000, known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

By order of the board



Director

Kirkstall Road
Leeds
West Yorkshire
LS3 1LH

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 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 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 also responsible 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
RIDER HOLDINGS LIMITED**

We have audited the financial statements of Rider Holdings Limited for the year ended 31 March 2003 which comprise the profit and loss account, reconciliation of movements in shareholder's funds, the note of historical cost profit and losses, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

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 2003 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

London *28 August 2003*

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

	Notes	2003 £'000	2002 £'000
Turnover – continuing operations	2	1,068	1,068
Operating costs – general, net		-	(5)
Profit on ordinary activities before taxation	2,5	1,068	1,063
Tax on profit on ordinary activities	6	(307)	(328)
Retained profit for the financial year	13	761	735

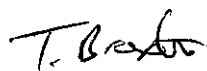
There are no recognised gains or losses in either year other than the profit for that year and accordingly no statement of total recognised gains and losses has been prepared.

RIDER HOLDINGS LIMITED

BALANCE SHEET 31 March 2003

	Note	£'000	2003 £'000	£'000	2002 £'000
Assets employed:					
Fixed assets					
Tangible assets	7		6,634		6,748
Investments	8		458		458
			<u>7,092</u>		<u>7,206</u>
Current assets					
Debtors	9	29,985		47,777	
Creditors: amounts falling due within one year	10	<u>(34,057)</u>		<u>(52,724)</u>	
Net current liabilities			<u>(4,072)</u>		<u>(4,947)</u>
Total assets less current liabilities			3,020		2,259
Provisions for liabilities and charges	11		<u>(946)</u>		<u>(946)</u>
			<u>2,074</u>		<u>1,313</u>
Financed by:					
Capital and reserves					
Called up share capital	12		500		500
Revaluation reserve	13		679		686
Profit and loss account	13		895		127
Equity shareholders' funds			<u>2,074</u>		<u>1,313</u>

These financial statements were approved by the board of directors on 28.08.03 and were signed on its behalf by:



Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
Year ended 31 March 2003

	2003 £'000	2002 £'000
Profit for the financial year	761	735
Shareholder's funds at beginning of year	1,313	578
	<hr/>	<hr/>
Shareholder's funds at end of year	2,074	1,313
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	1,068	1,063
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	7	7
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	1,075	1,070
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation	768	742
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2003

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, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

(b) Tangible fixed assets and depreciation

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

Freehold buildings	- 50 years straight line
Long leasehold properties	- 50 years straight line
Short leasehold properties	- period of lease

No depreciation is provided on freehold land or the land element of long leasehold properties.

Residual value is calculated at prices prevailing at acquisition or revaluation.

Surpluses or deficits arising on the revaluation of tangible fixed assets are credited or debited to a revaluation reserve. On a subsequent disposal of a revalued asset, the revaluation surplus or deficit relating to this asset is transferred to the profit and loss account reserve.

From 1 April 1999, the company's policy is not to revalue tangible fixed assets. Properties that have been revalued before that date have retained their book value, in accordance with the transitional rules of FRS 15.

(c) Investments

Fixed asset investments are shown at cost less provision for impairment.

(d) 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. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) Cash flow statement

The company has taken advantage of the exemption conferred by FRS1 "Cash Flow Statements" in not producing a cash flow statement as it is a wholly owned subsidiary of a UK company which produces consolidated financial statements including a consolidated cash flow statement.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover represents the amounts receivable for services supplied to customers during the year.

The whole of the turnover and profit on ordinary activities before taxation derives from the company's principal activities within the United Kingdom.

3. EMPLOYEE NUMBERS AND COSTS

Employees costs during the year were £Nil (2002 - £Nil) as the company had no employees during the year or during the previous year other than the directors.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2003

4. DIRECTORS' REMUNERATION

No directors' emoluments were paid in either the current or preceding year. Details of directors' options are given in the Directors' report.

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss on sale of fixed assets	-	6
Depreciation and other amounts written off tangible fixed assets		
Owned assets	114	120
Recharge of depreciation to group	(114)	(120)
	<u> </u>	<u> </u>

Audit and non audit fees are borne by another company in the group.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
Current taxation		
Adjustment in respect of prior years	-	20
Group relief payable	307	306
	<u> </u>	<u> </u>
Total current taxation	307	326
Deferred taxation		
Origination and reversal of timing differences	-	2
	<u> </u>	<u> </u>
Total deferred taxation	-	2
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	307	328
	<u> </u>	<u> </u>

The standard rate of taxation 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:

	2003 %	2002 %
Standard rate of taxation	30.0	30.0
Factors affecting charge:		
Disallowable expenses	(1.2)	(1.1)
Capital allowances in excess of depreciation	(0.1)	(0.1)
Prior years' tax charge	-	1.9
	<u> </u>	<u> </u>
Current taxation rate for the year	28.7	30.7
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2003

7. TANGIBLE FIXED ASSETS

	Land and buildings £'000
Cost or valuation	
At beginning and end of year	7,542
Depreciation	
At beginning of year	794
Charge for year	114
At end of year	908
Net book value	
At 31 March 2003	6,634
At 31 March 2002	6,748

The net book value of land and buildings comprises:

	2003 £'000	2002 £'000
Freehold	6,496	6,604
Long leasehold	34	34
Short leasehold	104	110
	<u>6,634</u>	<u>6,748</u>

Depreciation is not provided on the land element of freehold property which amounts to £2.447m (2002 - £2.447m).

The assets which have been revalued comprise the following land and buildings:

	2003 £'000	2002 £'000
At March 1994 professional valuation	4,378	4,378
Aggregate depreciation thereon	(492)	(446)
Net book value	<u>3,886</u>	<u>3,932</u>
Historical cost of revalued assets	3,645	3,645
Aggregate depreciation based on historical cost	(408)	(369)
Historical net book value	<u>3,237</u>	<u>3,276</u>

The company's properties were revalued by King Sturge & Co on 1 March 1994 on the basis of open market value for existing use. The company does not intend to dispose of these properties without reinvestment of the sale proceeds.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2003

8. FIXED ASSET INVESTMENTS

	Subsidiary undertaking £'000
Cost and Net book value	
At beginning and end of year	458

The subsidiary undertakings at the end of the year, and the nature of their business are:

Subsidiary undertakings	Principal activity
Rider Holdings Trustees No.1 Limited	Employees' benefit trustee
Rider Holdings Trustees No.2 Limited	Employees' benefit trustee
Rider Holdings Trustees No.3 Limited	Employees' benefit trustee
Rider Travel Limited	Dormant
Sovereign Quay Limited	Dormant
Tramrider Limited	Dormant

All subsidiary undertakings are wholly owned at the end of the year. All these companies are incorporated in Great Britain and registered in England and Wales. All shares held in subsidiary undertakings are ordinary shares.

Group-accounts are not presented as the company is a wholly owned subsidiary undertaking of FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

9. DEBTORS

	2003 £'000	2002 £'000
Amounts due within one year		
Amounts owed from group undertakings	29,961	47,753
Other prepayments and accrued income	24	24
	<u>29,985</u>	<u>47,777</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2003

10. CREDITORS

	2003	2002
	£'000	£'000
Amounts falling due within one year		
Amounts owed to group undertakings	34,051	52,662
Corporation tax	1	1
Other creditors	-	50
Accruals and deferred income	5	11
	<u>34,057</u>	<u>52,724</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At beginning and end of year	946

Provision for deferred taxation consists of the following amounts:

	2003	2002
	£'000	£'000
Capital allowances in excess of depreciation	<u>946</u>	<u>946</u>

12. CALLED UP SHARE CAPITAL

	2003	2002
	£'000	£'000
Authorised		
Ordinary shares of 5p each	<u>500</u>	<u>500</u>
Allotted, called-up and fully-paid		
Ordinary shares of 5p each	<u>500</u>	<u>500</u>

The number of ordinary shares of 5p each in issue at the end of the year was 10,000,000 (2002 - 10,000,000).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2003

13. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	686	127
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(7)	7
Retained profit for the year	-	761
	<hr/>	<hr/>
At end of year	679	895
	<hr/>	<hr/>

14. COMMITMENTS

The company had no capital or any other commitments at 31 March 2003 or at 31 March 2002.

15. CONTINGENT LIABILITIES

The company has guaranteed the overdrafts of certain fellow subsidiary undertakings. The amount outstanding at the end of the year under the guarantees was £10.0m (2002 - £Nil).

The company has guaranteed the bank loans of its holding company under various term facilities. The amount of guaranteed bank loans at the end of the year was £316.8m (2002 - £315.1m).

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 HM Customs and Excise.

16. 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.

17. ULTIMATE PARENT UNDERTAKING

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 London Office of this company at Macmillan House, Paddington Station, London, W2 1FG. The company's immediate controlling party is FirstBus North Limited.