

RIDER HOLDINGS LIMITED

Report and Financial Statements

31 March 2002

**Deloitte & Touche
Hill House
1 Little New Street
London
EC4R 3TR**



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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

DIRECTORS' REPORT

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

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 this year (2001 - £96,113,000, £9.6113 per ordinary 5p share).

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
R A Duncan
D J Leeder

Resigned 12 December 2001
Appointed 12 December 2001

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	
	At end of year 5p shares	At beginning of year 5p shares
Directors		
J I Davies	3,507	3,507
T M Broxton	423	333
D J Leeder	-	-

Share options under long term incentive plan

Director	At beginning of year 5p shares	Granted during year 5p shares	Total at end of year 5p shares
J I Davies	23,164	13,892	37,056
T M Broxton	323	-	323

RIDER HOLDINGS LIMITED

DIRECTORS' REPORT

DIRECTORS (continued)

Information, including details of exercise prices, relating to the long term incentive plan are given in Note 33 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 2002 was 302p and the range during the year was 243p to 365p.

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.

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.

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 have general responsibility for the system of internal control, 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.

**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 2002 which comprise the profit and loss account, reconciliation of movements in shareholders' funds, the note of historical cost profit 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.

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 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 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

27 August 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Turnover – continuing operations	2	1,068	1,158
Operating costs – general		(5)	(1)
Operating profit – continuing operations		<u>1,063</u>	<u>1,157</u>
Profit on ordinary activities before taxation	2,5	1,063	1,157
Tax on profit on ordinary activities	6	(328)	(254)
Profit for the financial year		<u>735</u>	<u>903</u>
Equity dividends proposed	7	-	(96,113)
Retained profit/(loss) for the financial year	14	<u><u>735</u></u>	<u><u>(95,210)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Profit/(loss) for the financial year		<u>735</u>	<u>(95,210)</u>
Total recognised gains and losses in the period		735	(95,210)
Prior period adjustments (see note 6)		(944)	-
Total recognised gains and losses since last annual report		<u><u>(209)</u></u>	<u><u>(95,210)</u></u>

RIDER HOLDINGS LIMITED

BALANCE SHEET 31 March 2002

			2002	Restated (see note 6)
	Note	£'000	£'000	2001 £'000
Assets employed:				
Fixed assets				
Tangible assets	8		6,748	7,108
Investments	9		458	458
			<u>7,206</u>	<u>7,566</u>
Current assets				
Debtors	10	47,777	110,069	
Cash at bank and in hand		-	43	
			<u>110,112</u>	
Creditors: amounts falling due within one year	11	(52,724)	(116,156)	
Net current liabilities			(4,947)	(6,044)
Total assets less current liabilities			2,259	1,502
Provisions for liabilities and charges	12		(946)	(944)
			<u>1,313</u>	<u>578</u>
Financed by:				
Capital and reserves				
Called up share capital	13		500	500
Revaluation reserve	14		686	693
Profit and loss account	14		127	(615)
Equity shareholders' funds			<u>1,313</u>	<u>578</u>

The balance sheet as of 31 March 2001 has been restated for the adoption of FRS 19 (see note 6).

These financial statements were approved by the board of directors on 27th Aug 02 and were signed on its behalf by:

T. Borton

Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 March 2002

	2002 £'000	Restated (see note 6) 2001 £'000
Profit for the financial year	735	903
Dividends	-	(96,113)
Net increase/(reduction) to shareholders' funds	735	(95,210)
Shareholders' funds at beginning of year	578	95,788
Shareholders' funds at end of year	1,313	578

The opening shareholders' funds at 1 April 2001 as previously reported amounted to £1,552,000 before the prior year adjustment of £944,000 arising from the adoption of FRS 19.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	1,063	1,157
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	7	7
Historical cost profit on ordinary activities before taxation	1,070	1,164
Historical cost profit for the year retained after taxation	742	910

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, 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.

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 permanent impairment.

(d) Taxation

The company has adopted FRS19 on Deferred Tax. 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 BEFORE TAXATION

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

The whole of the turnover and profit 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 (2001 - £Nil) as the company had no employees during the year or during the previous year.

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.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss on sale of fixed assets	6	-
Auditors' remuneration - Deloitte & Touche audit fee	2	2
Depreciation and other amounts written off tangible fixed assets		
Owned assets	120	119
Recharge of depreciation to group	(120)	(119)
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
Current taxation		
Adjustment in respect of prior years	20	(60)
Group relief payable	306	313
	<u> </u>	<u> </u>
Total current tax	326	353
Deferred taxation		
Origination and reversal of timing differences	2	(1)
Adjustment in respect of prior years	-	2
	<u> </u>	<u> </u>
Total deferred tax	2	1
	<u> </u>	<u> </u>
	<u>328</u>	<u>254</u>

Adoption of FRS19 has required a change in the method accounting for deferred tax. There has been no effect on the comparative figure for the tax on profit on ordinary activities for 2001.

The impact of adopting FRS19 on the 2002 results is an increase in the tax charge of £1,000.

In addition, prior year reserves have been reduced by £944,000 as a result of adopting FRS19.

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
Factors affecting change:		
Disallowable expenses	(1.1)	(2.4)
Difference between capital allowances and depreciation	(0.1)	(0.2)
Prior years tax charge	1.9	(5.5)
	<u> </u>	<u> </u>
Current tax rate for the year	30.7	21.9

No provision is made for tax of £430,000 (2001 - £430,000) which would arise on disposal of revalued properties. The company does not intend to dispose of these properties without reinvestment of the sale proceeds.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

7. EQUITY DIVIDENDS

	2002 £'000	2001 £'000
Ordinary shares of 5p each- final proposed	-	96,113

8. TANGIBLE FIXED ASSETS

	Land and buildings £'000
Cost or valuation	
At beginning of year	7,823
Disposals	(281)
At end of year	7,542
Depreciation	
At beginning of year	715
Charge for year	120
Disposals	(41)
At end of year	794
Net book value	
At 31 March 2002	6,748
At 31 March 2001	7,108

The net book value of land and buildings comprises:

	2002 £'000	2001 £'000
Freehold	6,602	6,958
Long leasehold	34	34
Short leasehold	110	116
	6,748	7,108

Depreciation is not provided on the land element of freehold property which amounts to £2.447m (2001 - £2.447m).

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

	2002 £'000	2001 £'000
At March 1994 professional valuation	4,378	4,378
Aggregate depreciation thereon	(446)	(400)
Net book value	3,932	3,978
Historical cost of revalued assets	3,645	3,645
Aggregate depreciation based on historical cost	(369)	(330)
Historical net book value	3,276	3,315

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

8. TANGIBLE FIXED ASSETS (continued)

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.

9. FIXED ASSET INVESTMENTS

	Subsidiary undertakings unlisted £'000
Shares	
Cost	
At beginning and end of year	458
Net book value	
At 31 March 2002 and 31 March 2001	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.

The aggregate amount of capital and reserves at 31 March 2002 and the result for the year then ended of the trading subsidiary companies are as follows:

	Capital and reserves £	Result for the year £
Rider Holdings Trustees No. 1 Limited	100	-
Rider Holdings Trustees No. 2 Limited	100	-
Rider Holdings Trustees No. 3 Limited	100	-

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.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

10. DEBTORS

	2002 £'000	2001 £'000
Amounts due within one year		
Amounts owed from group undertakings	47,753	110,047
Other debtors	-	1
Other prepayments and accrued income	24	21
	<u>47,777</u>	<u>110,069</u>

11. CREDITORS

	2002 £'000	2001 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	52,662	116,103
Corporation tax	1	1
Other creditors	50	52
Accruals and deferred income	11	-
	<u>52,724</u>	<u>116,156</u>

12. DEFERRED TAXATION

	£'000
At 31 March 2001 as previously reported	-
Prior year adjustment	944
At 31 March 2001 as restated	944
Profit and loss account charge	2
At end of year	<u>946</u>

Provision for deferred tax consists of the following amounts:

	31 March 2002		Restated (see note 6) 31 March 2001	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Capital allowances in excess of depreciation	946	-	944	-
	<u>946</u>	<u>-</u>	<u>944</u>	<u>-</u>

13. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised		
Ordinary shares of 5p each	500	500
Allotted, called up and fully paid		
Ordinary shares of 5p each	500	500

The number of ordinary shares of 5p each in issue at the end of the year was 10,000,000 (2001 - 10,000,000).

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

14. RESERVES

	Revaluation reserve £'000	Restated (see note 6) Profit and loss account £'000
At beginning of year (as previously stated)	693	329
Prior year adjustment (see note 6)	-	(944)
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	-	735
	<hr/>	<hr/>
At end of year	<u>686</u>	<u>127</u>

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 has guaranteed the overdrafts of certain fellow subsidiary undertakings. The amount outstanding at the end of the year under the guarantees was £Nil (2001 - £2.7m).

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 £315.1m (2001 - £515.3m).

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.

17. 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.

18. 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.