

Busways Travel Services Limited

Financial statements for the year ended 30 April 2009

Registered number: 2295227

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Directors' report

For the year ended 30 April 2009

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2009.

Business review and principal activities

Busways Travel Services Limited operates a fleet of 407 buses and employs 1,212 people, operating in and around the Tyne & Wear and adjacent areas.

The results of the Company for year ended 30 April 2009 show a pre-tax profit of £10,736,000 (2008: £9,657,000) and turnover of £56,613,000 (2008: £52,810,000). The Company has net assets of £3,813,000 (2008: £3,490,000).

Business environment

The Company operates predominantly local bus services, carrying around 185,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. The Company also operate tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company benefits from being part of the UK Bus Division of Stagecoach Group plc, a nationwide public transport operator.

The Company operates in a competitive environment and differentiates itself from its competitors by:

- Improving operational and engineering facilities;
- Focusing on recruitment and retention of drivers;
- Investment in new vehicles; and
- Strong focus on technology and innovation.

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate.

There are several elements to the Company's strategy for growth. They are:

- Continued focus on value-for-money ticket offerings;
- Investment in new vehicles to maximise our customers' experience;
- Commitment to excellent customer service;
- Strong focus on the safety and security of passengers and staff; and
- Consistent excellent operational performance.

Directors' report (continued)

For the year ended 30 April 2009

Training and development

We have consistently sought to recruit and retain the best employees in the markets in which we operate.

The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service. The Company, under guidance from central UK Bus management, operates a National Vocational Qualification programme for all staff, as well as staff development, graduate trainee and apprentice engineer programmes.

Future outlook

The current financial year to 30 April 2010 has started well and trading is in line with our expectations.

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to improve on our current level of performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The management and reporting of risk is undertaken at group level, rather than at an individual business unit level. The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the group's 2009 annual report, (note 29) which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 3.5.2) of the group's 2009 annual report which does not form part of this report.

Results and dividends

Profit on ordinary activities after taxation amounted to £7,886,000 (2008: £8,719,000). No interim dividend of was paid (2008: £11,000,000). The directors do not recommend that a final dividend be paid (2008: £Nil).

Directors

The directors who held office during the year under review and up to the date of approval of these accounts were:

Mr J Conroy

Mr C Brown

Mr LB Warneford

Mr R Andrew (appointed 31st March 2009)

Mr R Montgomery (appointed 31st March 2009)

Mr M Vaux (appointed 31 March 2009)

Directors' report (continued)

For the year ended 30 April 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Donations

Donations to charitable organisations amounted to £17,229 (2008: £13,513)

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2008: £Nil)

Disabled persons

The Company recognises its obligations to give disabled people 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 Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

Directors' report (continued)

For the year ended 30 April 2009

Employee involvement

During the period under review, arrangements have been maintained whereby employees of the Company 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 Company and likely future developments. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

The company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees. Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes.

Supplier payment policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them. Responsibility for the payment of suppliers lies with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days' purchases (2008: Nil days).

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

Auditors and disclosure of information to auditors

In the case of each of the persons who were directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the next Annual General Meeting.

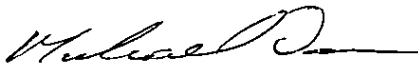
Directors' report (continued)

For the year ended 30 April 2009

Other

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

By order of the Board



M Vaux

Company Secretary

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Stockport

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30 October 2009

Auditors' report

For the year ended 30 April 2009

Independent auditors' report to the members of Busways Travel Services Limited:

We have audited the financial statements of Busways Travel Services Limited for the year ended 30 April 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Funds, the Note of Historical Cost Profits and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Auditors' report (continued)

For the year ended 30 April 2009

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kenneth Wilson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

2 November 2009

Profit and loss account

For the year ended 30 April 2009

	Notes	2009 £000	2008 restated £000
Turnover	2	56,613	52,810
Operating costs		(46,903)	(45,654)
Other operating income	3	896	879
Operating profit		10,606	8,035
Profit on sale of properties		Nil	432
Finance income (net)	4	130	1,190
Profit on ordinary activities before taxation	5	10,736	9,657
Taxation on profit on ordinary activities	8	(2,850)	(1,497)
Exceptional taxation: fundamental change in tax law and change in UK tax rate	8	Nil	559
Profit for the financial year		7,886	8,719

The results for each year arise wholly from continuing operations.

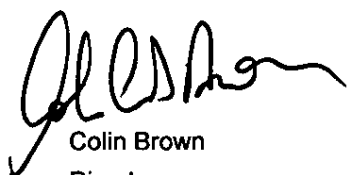
The accompanying notes form an integral part of this profit and loss account.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period above and their historic cost equivalents

Balance sheet
As at 30 April 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	9 a)	30,727	26,371
Investments	9 b)	10,635	10,637
		<u>41,362</u>	<u>37,008</u>
Current assets			
Stock	10	289	494
Debtors: amounts falling due within one year	11	3,045	1,796
Debtors: amounts falling due after more than one year	11	7	Nil
Cash at bank and in hand		21,076	8,448
		<u>24,417</u>	<u>10,738</u>
Creditors: amounts falling due within one year	12	(36,923)	(26,415)
Net current liabilities		<u>(12,506)</u>	<u>(15,677)</u>
Total assets less current liabilities		28,856	21,331
Creditors: amounts falling due after more than one year	12	(9,236)	(8,797)
Provisions for liabilities and charges	14	(2,196)	(2,035)
Net assets excluding pension liability		17,424	10,499
Pension liability, net of deferred tax	15	(13,611)	(7,009)
Net assets including pension liability		<u>3,813</u>	<u>3,490</u>
Capital and reserves			
Share capital	16	300	300
Capital reserve	17	2,707	2,707
Contribution reserve	17	135	88
Profit and loss account	17	671	395
Shareholders' funds		<u>3,813</u>	<u>3,490</u>

Signed on behalf of the Board



Colin Brown
Director

30 October 2009

The accompanying notes form an integral part of this balance sheet.

Additional statements

For the year ended 30 April 2009

Statement of total recognised gains and losses

	2009	2008
	£000	£000
Profit for the financial year	7,886	8,719
Recognition of net actuarial loss on defined benefit pension schemes	(10,570)	(3,227)
Recognition of tax on net actuarial loss on defined benefit pension schemes	2,960	1,121
Total recognised gains and losses relating to the year	<u>276</u>	<u>6,613</u>

Reconciliation of movement in shareholders' funds

	2009	2008
	£000	£000
Profit for the financial year	7,886	8,719
Dividends paid (Note 6)	Nil	(11,000)
Other recognised gains and losses relating to the year	(7,610)	(2,106)
Credit in respect of share based payments	47	42
Net increase/(decrease) in shareholders' funds	<u>323</u>	<u>(4,345)</u>
Opening shareholders' funds	<u>3,490</u>	<u>7,835</u>
Closing shareholders' funds	<u>3,813</u>	<u>3,490</u>

The accompanying notes form an integral part of this reconciliation.

Note of Historical Cost Profits and Losses

	2009	2008
	£000	£000
Reported profit on ordinary activities before taxation	10,736	9,657
Realisation of property revaluation gains	Nil	439
Historical cost profit on ordinary activities before taxation	<u>10,736</u>	<u>10,096</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>7,886</u>	<u>(1,842)</u>

Notes to the financial statements

For the year ended 30 April 2009

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are:

a) Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The financial statements contain information about Busways Travel Services Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Stagecoach Group plc, a company incorporated in Scotland.

The Company is not required to prepare a cash flow statement under FRS 1 (revised), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available.

b) Tangible fixed assets

Land and buildings and other fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment as set out in note 9. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold property	50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Plant and equipment	3 to 10 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated.

c) Fixed asset investments

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

Notes to the financial statements (continued)

For the year ended 30 April 2009

1 Accounting policies (continued)

d) *Stocks*

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost is determined using the first-in, first-out ("FIFO") method for fuel stocks and average cost method for all other stocks.

e) *Taxation*

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate applicable. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item.

In accordance with FRS 19 "Deferred Taxation", full provision is made for deferred tax on a non-discounted basis in respect of all timing differences. Deferred tax is calculated at rates at which it is estimated the tax will arise. Deferred tax assets are recognised to the extent they are more likely than not to be recovered.

Tax, current and deferred, is calculated using tax rate and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Notes to the financial statements (continued)

For the year ended 30 April 2009

1 Accounting policies (continued)

f) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Obligations arising from hire purchase contracts and finance leases, within creditors, represents the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included. Future finance charges are calculated in relation to the reducing balance of capital outstanding throughout the contract and charged to the profit and loss account on the same basis.

Assets capitalised under lease finance and other similar contracts are depreciated over the shorter of the lease terms and their useful economic lives.

Assets capitalised under hire purchase contracts are depreciated over their useful economic lives.

Rentals under operating leases are charged on a straight-line basis over the lease term.

Rental income under operating leases is credited on a straight line basis over the lease term.

g) Turnover

Turnover comprises gross revenue earned from bus and coach operations in the United Kingdom, and excludes future payments received on account. Amounts receivable for tendered services and concessionary fare schemes are included within turnover. Where appropriate, amounts are shown net of rebates and VAT. Bus revenue is recognised at the time of travel. Bus revenue from local authority and similar contracts is recognised on a straight line basis over the period of the contract. Revenues incidental to the Company's principal activity (including advertising income and property rental income) are reported as other operating income and are recognised as the income is earned.

h) Grants

Bus service operators grant is credited to operating costs.

Capital grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets.

i) Revaluation of properties

The Company has taken advantage of the transitional provisions of FRS 15 and has retained the book amounts of certain freehold properties, which were revalued prior to the implementation of that standard. The properties were last revalued at 30 April 1996 and the valuations have not been subsequently updated.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Notes to the financial statements (continued)

For the year ended 30 April 2009

1 Accounting policies (continued)

j) Pension costs and other post retirement benefits

The company operates two defined benefit schemes, the Tyne and Wear Superannuation Fund governed by the Local Government Superannuation regulations 1986 and the Stagecoach Group Pension Scheme.

The Company accounts for the Tyne and Wear Superannuation Fund in accordance with FRS 17 'Retirement benefits'. Obligations are measured at discounted present value whilst assets are recorded at market value. Service costs are spread systematically over the lives of employees and are charged to operating profit within the profit and loss account, and financing costs are recognised in the periods in which they arise and are charged to interest within the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. A full actuarial valuation is undertaken triennially with the deficit being updated annually by independent actuaries. The present value of the scheme obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which have a maturity equivalent to the terms of the related obligations.

For the purposes of FRS 17, the contributions paid by the Company into the Stagecoach Group Pension Scheme are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities.

k) Dividends

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends, in the period in which they are paid.

l) Share based payment

Certain of the Company's employees are granted equity settled share based payments by the parent company. The company has applied the optional exemption contained within FRS 20, which allows it to apply the standard only to share options granted after the 7 November 2002 that have not vested by 1 May 2005.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period. Fair value for equity-settled share based payments is estimated by use of the Black-Scholes pricing model.

At each balance sheet date, before vesting, the cumulative expense is calculated based on management's best estimate of the number of equity instruments that will ultimately vest, taking into consideration the likelihood of achieving non-market based vesting conditions. The movement in the cumulative expense is recognised in the profit and loss account, with a corresponding entry in equity.

Stagecoach Group plc operates an Executive Share Option Scheme which employees of the Company are eligible to participate in. Details of the scheme are disclosed within the group's 2009 annual report (note 31), which does not form part of this report.

Notes to the financial statements (continued)

For the year ended 30 April 2009

1 Accounting policies (continued)

m) Going concern basis

At 30 April 2009, the Company had net current liabilities of £12,506,000. The directors have received confirmation of continuing financial support from the ultimate holding company. Accordingly, the financial statements have been prepared on the going concern basis.

2 Segmental information

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom.

3 Other operating income

	2009	2008 restated
	£000	£000
Advertising income	423	439
Property rental income	19	35
Other miscellaneous revenue	454	405
	<u>896</u>	<u>879</u>

The comparative figures have been restated to give a better reflection of the nature of the income received during the period.

4 Finance income (net)

	2009	2008
	£000	£000
Bank interest receivable (net)	715	847
Hire purchase and finance lease interest payable	(574)	(625)
Finance (charge)/income on pension assets (note 15)	(11)	968
	<u>130</u>	<u>1,190</u>

Notes to the financial statements (continued)

For the year ended 30 April 2009

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging/(crediting):

	2009	2008 restated
	£000	£000
Depreciation and amounts written off tangible fixed assets:		
- owned	1,015	1,113
- held under hire purchase and finance leases agreements	1,578	1,409
Loss/(gain) on disposal of tangible fixed assets, other than properties	245	(7)
Operating lease rentals:		
- land and buildings	554	350
- plant and machinery	Nil	32

Auditors' remuneration is borne by the ultimate parent company, Stagecoach Group Plc.

6 Dividend

	2009	2008
	£000	£000
Interim dividend paid to parent company: £Nil (2008: £1.83) per ordinary share	Nil	11,000

7 Directors and employees

	2009	2008
	£000	£000
Emoluments of directors	180	161

The above details of directors' emoluments include the emoluments of Les Warneford and Colin Brown, which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £36,757 (2008: £23,735) of their total emoluments received are apportioned to their services as directors of Busways Travel Services Limited.

The above details of directors' emoluments do not include the emoluments of R Andrew and R Montgomery. None of their remuneration is in respect of their duties as directors of this Company.

The number of directors who were members of pension schemes was as follows:	2009	2008
	Number	Number
Defined benefit scheme	5	3

The number of directors who exercised their share options in the year was as follows:	2009	2008
	Number	Number
Share options	1	3

Notes to the financial statements (continued)

For the year ended 30 April 2009

7 Directors and employees (continued)

	2009	2008
	£000	£000
Staff costs		
Wages and salaries	22,890	22,053
Social security costs	1,933	1,872
Other pension costs (see note 15)	3,091	4,393
Share based payment expense	47	42
	<u>27,961</u>	<u>28,360</u>

The average monthly number of persons employed by the Company (including executive directors) during the year was:

	2009	2008
	Number	Number
Operations	1,142	1,150
Administration and supervisory	70	87
	<u>1,212</u>	<u>1,237</u>

Notes to the financial statements (continued)

For the year ended 30 April 2009

8 Taxation on profit on ordinary activities

	2009 £000	2008 £000
a) Charge for the year		
Current tax:		
UK corporation tax on profits of the year	2,176	Nil
Amounts payable to fellow subsidiary in respect of tax saved by group relief	Nil	1,290
Adjustments in respect of prior years	120	(22)
Total current tax	2,296	1,268
Deferred tax:		
Origination and reversal of timing differences	273	(430)
Adjustments in respect of prior periods	(111)	(140)
Pension cost relief in excess of pension cost charge	392	799
Exceptional: Fundamental change in basis of taxation and impact of reduction in UK tax rate on prior years deferred tax	Nil	(559)
Total deferred tax (note 14)	554	(330)
Tax on profit on ordinary activities	2,850	938

b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2008: 29.84%). The differences are explained below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	10,736	9,657
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29.84%)	3,006	2,882
<i>Effect of:</i>		
Non tax deductible expenditure and other permanent differences	(30)	(22)
Treatment of inter-company transactions	(148)	(319)
Capital allowances (more)/less than depreciation	(270)	230
Other timing differences	10	(96)
Gain on sale of asset	Nil	(720)
Pension cost relief in excess of pension cost charge	(392)	(665)
Adjustment to tax charge in respect of previous periods	120	(22)
Current tax charge for year	2,296	1,268

Notes to the financial statements (continued)

For the year ended 30 April 2009

9 Fixed assets

a) *Tangible assets*

The movement in the year is summarised below:

	Land and buildings £000	PSVs £000	Other plant and equipment and furniture and fittings £000	Total £000
Cost or valuation				
Beginning of year	6,530	38,073	5,011	49,614
Additions	Nil	7,135	310	7,445
Disposals	Nil	(3,664)	(371)	(4,035)
Transfers	Nil	(1,472)	(7)	(1,479)
End of year	<u>6,530</u>	<u>40,072</u>	<u>4,943</u>	<u>51,545</u>
Depreciation				
Beginning of year	(588)	(18,517)	(4,138)	(23,243)
Charge for year	(115)	(2,282)	(196)	(2,593)
Disposals	Nil	3,384	340	3,724
Transfers	Nil	1,294	-	1,294
End of year	<u>(703)</u>	<u>(16,121)</u>	<u>(3,994)</u>	<u>(20,818)</u>
Net book value				
Beginning of year	<u>5,942</u>	<u>19,556</u>	<u>873</u>	<u>26,371</u>
End of year	<u>5,827</u>	<u>23,951</u>	<u>949</u>	<u>30,727</u>

The net book value of assets leased under finance leases and hire purchase agreements, which have been capitalised and included in the above, is PSV £21,886,780 (2008: PSV £21,489,147). Depreciation of PSV £1,577,880 (2008: PSV £1,408,970) has been charged in the year in respect of assets held under hire purchase or finance lease agreements.

The Company's properties were revalued by Oliver Liggins, Chartered Surveyors, on the basis of open market value for existing use. The valuation took place on 30 April 1996. Properties held surplus to requirements have been valued on the basis of open market value. All such properties were disposed of in the prior year.

Notes to the financial statements (continued)

For the year ended 30 April 2009

9 Fixed assets (continued)

During the prior year Newcastle travel shop and Sunderland depot were disposed of. Proceeds on these disposals were £11,000 and £2,972,000 respectively. Profit on disposals were £11,000 and £421,000 respectively.

b) Investments

	Subsidiary undertakings £000
Cost	
At beginning and end of year	14,566
Provision	
At beginning of the year	(3,929)
Charge during the year	(2)
At the end of the year	(3,931)
Net book value	
At beginning and end of year	10,635

The Company owns the entire issued share capital of the following companies, which are all registered in England and Wales.

Company	Principal Activity
Armstrong Galley Coaches Limited	Dissolved during the year
Blue Bus Services (Newcastle) Limited	Dissolved during the year
Busways Travel Services (1986) Limited	Dormant
Busways Trustee (No. 1) Limited	Trustee
Busways Trustee (No. 2) Limited	Trustee
Economic Bus Services Limited	Dissolved during the year
Newcastle Busways Limited	Dissolved during the year
South Shields Busways Limited	Dissolved during the year
Sunderland Busways Limited	Dissolved during the year
The Quayside Busways Limited	Dissolved during the year
Tyne & Wear Omnibus Company Limited	Dormant
Welcome Passenger Transport Limited*	Dormant

* Held indirectly via an intermediate holding company.

Notes to the financial statements (continued)

For the year ended 30 April 2009

10 Stocks

	2009	2008
	£000	£000
Spares, consumables and fuel	289	494

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material.

11 Debtors

	2009	2008
	£000	£000
<i>Amounts falling due within one year:</i>		
Prepayments and accrued income	101	988
Amounts owed from fellow group undertakings	2,940	808
Other debtors	4	Nil
	<u>3,045</u>	<u>1,796</u>

Amounts due from fellow group undertakings within one year accrue no interest and are repayable on demand.

	2009	2008
	£000	£000
<i>Amounts falling due after one year:</i>		
Prepayments and accrued income	7	Nil

12 Creditors

	2009	2008
	£000	£000
<i>Amounts falling due within one year:</i>		
Accruals and deferred income	2,387	1,512
Other taxes and social security costs	612	519
Hire purchase and lease obligations (note 13)	1,706	3,057
Group relief	2,176	1,270
Amounts due to fellow group undertakings	29,582	19,384
Other creditors	460	673
	<u>36,923</u>	<u>26,415</u>

Amounts falling due after more than one year:

	2009	2008
Hire purchase and lease obligations (note 13)	9,236	8,797

Amounts due to fellow group undertakings within one year accrue no interest and are repayable on demand.

Notes to the financial statements (continued)

For the year ended 30 April 2009

13 Obligations under hire purchase and finance lease agreements

Borrowings are repayable as follows:

	2009	2008
	£000	£000
Amounts payable:		
- within one year	1,706	3,057
- between one and two years	1,672	1,428
- between two and five years	7,564	7,369
	<u>10,942</u>	<u>11,854</u>

14 Provisions for liabilities and charges

	2009	2008
	£000	£000
Deferred tax		
Accelerated capital allowances	2,303	2,110
Other timing differences	(107)	(75)
Provision for deferred tax, excluding that related to pension liability	<u>2,196</u>	<u>2,035</u>
Deferred tax asset related to pension liability (note 15)	<u>(5,293)</u>	<u>(2,726)</u>
Total deferred tax asset	<u>(3,097)</u>	<u>(691)</u>
	2009	2009
	£000	£000
(Asset)/Provision at beginning of year, as previously reported	(691)	760
Deferred tax charge/(credit) in profit and loss account for year (note 8a)	554	(330)
Deferred tax credited to the statement of total recognised gains and losses	<u>(2,960)</u>	<u>(1,121)</u>
Asset at end of year	<u>(3,097)</u>	<u>(691)</u>

Notes to the financial statements (continued)

For the year ended 30 April 2009

15 Pension scheme liability, net of deferred tax

The Company accounts for pensions in accordance with FRS 17 "Retirement Benefits".

The Company contributes to two defined benefit occupational pension schemes, as follows:

- The Stagecoach Group Pension Scheme ("SGPS")
- Tyne and Wear Superannuation Fund governed by the Local Government Superannuation regulations 1986

The Stagecoach Group Pension Scheme ("SGPS")

The Stagecoach Group Pension scheme is a defined benefit scheme. The Company, together with a number of companies within the Group headed by Stagecoach Group plc, makes contributions to the Scheme. For the purposes of FRS17, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. In the consolidated accounts of Stagecoach Group plc, the scheme as a whole is accounted for as a defined benefit scheme. The consolidated accounts of Stagecoach Group plc provide further details of the scheme.

The costs of contributions to the Group scheme amount to £2,112,000 (2008: £1,302,000), being 14.6% of pensionable salary during the year, and are based on pension costs across the Group as a whole. No additional special contributions were made to the scheme during the year (2008:£1,980,000). An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2008 and a surplus of £5.8 million was identified.

Tyne and Wear Superannuation Fund governed by the Local Government Superannuation regulations 1986

The calculations of the FRS17 disclosures for the Tyne and Wear Superannuation Fund have been based on the most recent actuarial valuations, which have been updated to 30 April 2009 by an independent professionally qualified actuary to take account of the requirements.

The principal actuarial assumptions used were as follows:

	2009	2008	2007
	%	%	%
Rate of increase in salaries	4.0	4.9	4.4
Rate of increase of pensions in payment	3.0	3.4	2.9
Discount rate	6.9	6.6	5.5
Inflation	3.0	3.4	2.9
Expected long-term rate of return as at 30 April were:			
- Equities	8.3	8.3	8.3
- Bonds	6.6	5.3	5.3
- Cash	5.0	5.3	5.3
- Property	7.5	7.5	7.5

Notes to the financial statements (continued)

For the year ended 30 April 2009

15 Pension scheme liability, net of deferred tax (continued)

The expected return on plan assets is based on expectations at the beginning of the period for returns over the entire life of the benefit obligation. The expected returns are set in conjunction with external advisors and take account of market factors, fund managers views and targets for future returns and where appropriate historical returns.

The life expectancy assumptions used for each scheme are periodically reviewed and as at 30 April 2009 were:

	2009 Years
Current pensioner aged 65 – male	19.2
Current pensioner aged 65 – female	23.7
Future pensioners at age 65 (aged 45 now) - male	21.5
Future pensioners at age 65 (aged 45 now) - female	25.7

The amounts recognised in the balance sheet were determined as follows:

	2009 £000	2008 £000	2007 £000
Equities	36,622	43,338	47,827
Bonds	11,882	14,062	13,991
Cash	2,928	3,464	1,372
Property	5,970	7,065	6,658
Total market value of assets	57,402	67,929	69,848
Present value of scheme liabilities	(76,306)	(77,664)	(78,586)
Pension liability before tax	(18,904)	(9,735)	(8,738)
Related deferred tax asset	5,293	2,726	2,621
Net pension liability	(13,611)	(7,009)	(6,117)

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendment to FRS 17 as at April 2008. It was not necessary to restate April 2007 figures as differences between mid and bid price were insignificant. Busways Travel Services Limited has also elected not to restate amounts for 2005 and prior years under the exemption allowable under FRS 17.

Notes to the financial statements (continued)

For the year ended 30 April 2009

15 Pension scheme liability, net of deferred tax (continued)

An analysis of the amount charged to the profit and loss account is as follows:

	2009	2008
	£000	£000
<i>Defined benefit schemes</i>		
Charge to operating profits:		
- current service cost	979	1,111
Total operating charge	979	1,111
Finance cost:		
- expected return on assets	(5,054)	(5,239)
- interest cost	5,065	4,271
Net cost /(income)	11	(968)
Total defined benefit cost	990	143
Defined Contribution costs	2,112	3,282
Total profit and loss charge	3,102	3,425

The impact of the defined benefit profit and loss account charge can be analysed as follows:

	2009	2008
	£000	£000
Total included in staff costs (note 7)	979	1,111
Total included within finance income (note 4)	11	(968)
	990	143

Defined contribution costs are also included within staff costs.

Notes to the financial statements (continued)

For the year ended 30 April 2009

15 Pension scheme liability, net of deferred tax (continued)

Analysis of amount included within the Company's statement of total recognised gains and losses (STRGL).

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	(14,878)	(6,503)	193	7,868	1,700
Experience gains and losses arising on the scheme liabilities	14	(3,491)	Nil	(26)	1,400
Changes in assumptions underlying the present value of the scheme liabilities	4,294	6,767	4,334	(1,490)	(2,600)
Actuarial (loss)/gain reported in the STRGL	<u>(10,570)</u>	<u>(3,227)</u>	<u>4,527</u>	<u>6,352</u>	<u>500</u>

Actuarial (loss)/gain as a percentage of scheme assets and liabilities at 30 April 2009 were as follows:

	2009	2008	2007	2006	2005
	%	%	%	%	%
Actual return less expected return on pension scheme assets as a percentage of scheme assets	(25.9)	(9.6)	0.3	12.2	3.2
Experience gains and losses arising on the scheme liabilities as a percentage of the present value of scheme liabilities	Nil	(4.5)	Nil	Nil	1.9
Total actuarial (loss)/gain recognised in STRGL as a percentage of the present value of scheme liabilities	(13.9)	(4.2)	5.8	8.0	0.7

The cumulative amount of actuarial gains and losses on defined benefit schemes recognised in the statement of recognised gains and losses since April 2003 is £82,000 gain.

The estimated amount of contributions expected to be paid by the company to the schemes during the financial year ended 30 April 2010 is £2,369,000.

Notes to the financial statements (continued)

For the year ended 30 April 2009

15 Pension scheme liability, net of deferred tax (continued)

The movement in deficit during the year under FRS 17 was:

	2009	2008
	£000	£000
Deficit in schemes at the beginning of the year	(9,735)	(8,738)
Movement in the year:		
- Current service cost	(979)	(1,111)
- Contributions	2,391	2,373
- Other finance income	(11)	968
- Actuarial loss	(10,570)	(3,227)
Deficit in schemes at the end of the year	<u>(18,904)</u>	<u>(9,735)</u>

The movement in asset during the year under FRS 17 is as follows:

	2009	2008
	£000	£000
At beginning of year	67,929	69,848
Expected return on plan assets	5,054	5,239
Actuarial losses	(14,878)	(6,503)
Employers contributions	2,391	2,373
Members contributions	268	238
Benefits paid	(3,362)	(3,266)
At end of year	<u>57,402</u>	<u>67,929</u>

The movement in deficit during the year under FRS 17 is as follows:

	2009	2008
	£000	£000
At beginning of year	77,664	78,586
Current service costs	979	1,111
Interest cost	5,065	4,271
Members contribution	268	238
Actuarial loss – experience gains and losses	(14)	3,491
Actuarial loss – changes in assumptions	(4,294)	(6,767)
Benefits paid	(3,362)	(3,266)
At end of year	<u>76,306</u>	<u>77,664</u>

Notes to the financial statements (continued)

For the year ended 30 April 2009

16 Share capital

	2009 £000	2008 £000
<i>Authorised</i>		
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1 (2006 – £1)	-	-
<i>Allotted, called up and fully paid</i>		
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1(2006 - £1)	-	-

17 Reserves

The movement on reserves is summarised below:

	Contribution Reserve	Profit and loss account	Capital reserve
	£000	£000	£000
Balance at beginning of year	88	395	2,707
Retained profit for the year	Nil	7,886	Nil
Actuarial loss on pension scheme	Nil	(10,570)	Nil
Movement on deferred tax relating to pension scheme	Nil	2,960	Nil
Credit in respect of share based payments	47	Nil	Nil
Balance at end of year	135	671	2,707

18 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings	Other	Land and Buildings restated	Other
	2009	2009	2008	2008
	£000	£000	£000	£000
Expiry date				
- within one year	Nil	25	Nil	9
- between one and five years	Nil	84	Nil	109
- over five years	564	3	564	Nil
	564	112	564	118

Notes to the financial statements (continued)

For the year ended 30 April 2009

18 Guarantees and other financial commitments (continued)

b) Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking.

19 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 11 and 12.

20 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the Company Secretary at the following address:

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW