

BUSWAYS TRAVEL SERVICES LIMITED

BUSWAYS TRAVEL SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2000

REGISTERED COMPANY 2295227



### Directors' Report

The Directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the year ended 30 April 2000.

### Principal Activities, Results and Business Review

The principal activity during the year under review was the carriage of passengers by road. The Company has continued to concentrate on the provision of local bus services in Tyne and Wear and adjacent areas, coach operations and related activities. All market sectors have seen continuing competition, but the Company has been able to maintain and in some areas improve its market share.

The operating profit for the year before interest and taxation was £7.0 million (1999 - £6.8 million). Net interest payable during the year was £261,000 (1999 - £354,000), giving a profit on ordinary activities after interest of £6.7 million (1999 - £6.4 million).

No provision for taxation has been made in the Company's accounts. The provision for taxation is dealt with in the accounts of the ultimate parent company, Stagecoach Holdings plc.

The Directors consider that the Company continues to be well placed to take advantage of future business opportunities.

### Results and Dividends

The profit for the year after taxation was £6.7 million (1999 - £6.4 million). The Directors recommend the payment of a dividend £7 million (1999 - £11 million).

### Directors and their Interests

The Directors who served during the year and in the subsequent period are:

Mr J Conroy		
Mr D Reay		
Mr D Kirsopp		
Mr J Lawson		
Mr S Cobill		
Mrs M Pilgrim	Appointed	17.11.99
Mr M Griffiths	Appointed	01.08.00
Mr B Cox	Appointed	01.08.00
Mr P J Nash	Resigned	30.09.99
Mr W B Hinkley	Resigned	25.07.00
Mr K Cochrane	Resigned	01.08.00
Mr M Howitt	Resigned	08.09.00

The Directors have no interest in the issued share capital of the Company.

The interests of Mr W B Hinkley, Mr K Cochrane, Mr M Griffiths and Mr B Cox in the issued share capital of the ultimate parent company, Stagecoach Holdings plc, are disclosed in the accounts of that Company.

### Directors and their Interests

The interests of Mr M Howitt in the issued share capital of the parent company Stagecoach Holdings plc are shown in the accounts of Cleveland Transit Limited. The interests of the other Directors and their families in the issued share capital of Stagecoach Holdings plc are as follows:-

	<u>Ordinary Shares of</u>	
	<u>0.5p</u>	<u>0.5p</u>
	<u>30 April 2000</u>	<u>30 April 1999</u>
Mr J Conroy	1,817,395	1,817,347
Mr S Cobill	871	805
Mr J Lawson	4,092	3,395
Mr D Kirsopp	1,495	1,377
Mr D Reay	253	-
Mrs M Pilgrim	-	-

The Directors had no other interests which are required to be disclosed under Schedule 7 of the Companies Act 1985, other than the fact that Mr J Conroy had 219,487 options (1999 – 242,161). No options were exercised during this financial year.

### Directors' Responsibilities

Company law requires the Directors to prepare accounts 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 of the Company for that year. In preparing those accounts, 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 accounts; and
- \* prepare the accounts 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 enable them to ensure that the accounts 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.

### 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. At 30 April 2000 there was the equivalent of 40 days suppliers' invoices unpaid (1999 – 40 days).

Employment of Disabled Persons

The Company provides for equal opportunity in all aspects of employment. This includes the provision and maintenance of employment opportunities for disabled people, subject only to this not affecting the Company's statutory obligation to operate passenger services safely.

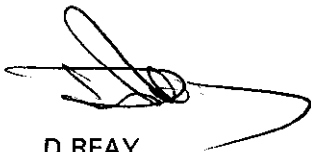
Employee Consultation

The Company places considerable value on the involvement of its employees, and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through both formal and informal meetings of management and employees. In addition, Company employee representatives are consulted regularly on a wide range of matters affecting the current and future interests of employees.

Auditors

The Directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

BY ORDER OF THE BOARD



D REAY  
COMPANY SECRETARY

Wheatsheaf  
Sunderland  
Tyne and Wear  
SR5 1AQ

5 December 2000

**Auditors' report****To the Shareholders of Busways Travel Services Limited:**

We have audited the accounts on pages 5 to 21 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 to 10.

**Respective responsibilities of directors and auditors**

As described on page 2, the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practice Board and by our profession's ethical guidance.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

**Opinion**

In our opinion, the accounts give a true and fair view of the state of affairs of the Company at 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
191 West George Street  
Glasgow  
G2 2LB

5 December 2000

**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 APRIL 2000**

		<u>2000</u>	<u>1999</u>
	NOTES	£000	£000
TURNOVER	1	41,889	41,385
Operating Costs		<u>(29,566)</u>	<u>(29,319)</u>
GROSS PROFIT		12,323	12,066
Administrative Expenses		(5,340)	(5,546)
Other Income		<u>(16)</u>	<u>272</u>
OPERATING PROFIT		6,967	6,792
Net Interest Payable	2	<u>(261)</u>	<u>(354)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	6,706	6,438
Taxation	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	17	6,706	6,438
DIVIDENDS PAID AND PROPOSED	17	<u>(7,000)</u>	<u>(11,000)</u>
RETAINED PROFIT FOR THE YEAR		<u>(294)</u>	<u>(4,562)</u>

The reported result in both financial years relates wholly to continuing operations of the company.

The statement of accounting policies and notes to the accounts form an integral part of this profit and loss account.

There are no other recognised gains and losses in either year other than those shown above.

**BALANCE SHEET AS AT 30 APRIL 2000**

		<u>2000</u>	<u>1999</u>
	NOTES	£000	£000
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	6	31,741	31,666
Fixed Asset Investments	8	<u>12,250</u>	<u>12,250</u>
		<u>43,991</u>	<u>43,916</u>
<b>CURRENT ASSETS</b>			
Stocks	9	299	340
Debtors: Amounts falling due within one year	10	766	2,139
Debtors: Amounts falling due after more than one year	10	4,027	4,027
Cash at bank and in hand		<u>318</u>	<u>189</u>
		5,410	6,695
CREDITORS: Amounts falling due within one year	11	(4,187)	(4,425)
<b>NET CURRENT ASSETS</b>		1,223	2,270
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		45,214	46,186
CREDITORS: Amounts falling due after more than one year	11	(38,227)	(37,430)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	12	<u>-</u>	<u>(1,475)</u>
<b>NET ASSETS</b>		<u>6,987</u>	<u>7,281</u>
<b>CAPITAL AND RESERVES</b>			
Equity Share Capital	13	300	300
Capital Reserve	14	2,707	2,707
Revaluation Reserve	15	2,709	3,333
Profit and Loss Account	17	<u>1,271</u>	<u>941</u>
<b>CAPITAL EMPLOYED</b>		<u>6,987</u>	<u>7,281</u>

SIGNED ON BEHALF OF THE BOARD

J CONROY

D REAY

) DIRECTORS

5 December 2000

The statement of accounting policies and notes to the accounts form an integral part of this balance sheet.

**ADDITIONAL STATEMENTS****FOR THE YEAR ENDED 30 APRIL 2000**

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
NOTE OF HISTORICAL COST PROFITS AND LOSSES:		
Reported profit on ordinary activities before taxation	6,706	6,438
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	<u>624</u>	<u>624</u>
Historical cost profit on ordinary activities before taxation	<u>7,330</u>	<u>7,062</u>
Historical cost profit for the year retained - after taxation and dividends	<u>330</u>	<u>(3,938)</u>
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:		
Profit for the financial year	6,706	6,438
Dividends	<u>(7,000)</u>	<u>(11,000)</u>
Net reductions in shareholders' funds	(294)	(4,562)
Opening shareholders' funds	<u>7,281</u>	<u>11,843</u>
Closing shareholders' funds	<u>6,987</u>	<u>7,281</u>

The accompanying notes form an integral part of these statements.



**STATEMENT OF ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding period, is set out below:

(a) **BASIS OF ACCOUNTING**

The Company prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

(b) **INVESTMENTS IN SUBSIDIARIES**

Purchased goodwill (representing the excess of the fair value of the consideration paid over the fair value of the separable net assets acquired) is amortised over its estimated useful economic life, unless in the opinion of the Directors it does not have a useful economic life. In such cases, goodwill is charged against the profit and loss account on acquisition.

In the Company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off in respect of permanent diminutions in value.

(c) **TURNOVER**

Turnover represents income earned from the following sources, and excludes future payments received on account:

- (i) Revenue collected from passengers on local bus services.
- (ii) Revenue from sales of season tickets.
- (iii) Amounts received from Tyne and Wear Passenger Transport Executive and Local Authorities in respect of the operation of Secured Services and participation in Concessionary Travel Schemes.
- (iv) Revenue from the provision of express services, private coach hire, tours and excursions (excluding VAT where applicable).

**STATEMENT OF ACCOUNTING POLICIES (continued)****(d) TANGIBLE FIXED ASSETS**

Tangible fixed assets are included at cost or subsequent valuation less accumulated depreciation, as set out in note 6.

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

- |       |                            |               |
|-------|----------------------------|---------------|
| (i)   | Freehold buildings         | 50 years      |
| (ii)  | Passenger service vehicles | 7 to 16 years |
| (iii) | Other vehicles             | 3 to 5 years  |
| (iv)  | Plant and equipment        | 5 to 7 years  |

Freehold land is not depreciated.

The company has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and 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.

**(e) GOVERNMENT GRANTS**

Fuel Duty Rebate is credited to the profit and loss account in the year to which it relates.

Capital grants in respect of fixed assets are credited to the balance sheet and released to the profit and loss account over the useful life of the assets to which they relate.

**(f) LEASED ASSETS**

Assets held under finance leases are recorded as fixed assets in the balance sheet at the equivalent of the purchase price and an obligation to pay future lease rentals. Such assets are depreciated over their expected useful lives in accordance with the Company's depreciation policy. Obligations arising from finance leases represent the total of the capital payments outstanding at the date of the balance sheet. Future finance charges are not included. Finance charges are calculated in relation to the reducing balance of capital outstanding throughout the lease period and charged to the profit and loss account on the same basis.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

**STATEMENT OF ACCOUNTING POLICIES (continued)****(g) STOCKS**

Stocks are stated at the lower of cost and net realisable value. Cost has been determined on a latest cost basis. Provision is made for obsolete, slow moving and defective items where appropriate.

**(h) PENSIONS**

The employees of Busways Travel Services Limited are entitled to join defined benefit pension schemes, the assets of which are independent of the Company's finances. The Company provides for and funds pension liabilities on the advice of external actuaries, and makes payments to segregated funds managed by specialist financial institutions.

Pension costs are charged against profits on a systematic basis over the service lives of employees. The pension cost charged in the accounts comprises:

- (i) The regular pension cost, that is the ongoing cost, calculated so as to produce a level percentage of the current and expected future pensionable payroll;

and

- (ii) Variations from the regular cost, arising from pension scheme surpluses or deficits, which are allocated over the remaining service lives of the employees in each scheme.

Any timing difference between amounts charged in the profit and loss account and paid to the pension funds is shown in the balance sheet as an asset or liability.

Further information on pension costs is provided in Note 18.

**(i) TAXATION**

Corporation tax and deferred tax is accounted for by the ultimate parent company.

**(j) CASH FLOW STATEMENT**

As permitted by FRS 1 (Revised), no cash flow statement has been prepared for the Company as Busways Travel Services Limited is a subsidiary undertaking of an EC registered parent whose group accounts are publicly available and include a consolidated cash flow statement.

**(k) RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the FRS 8 exemption from having to provide details of transactions with fellow group undertakings.

**(l) GROUP ACCOUNTS**

Group accounts have not been prepared since the company is itself a subsidiary undertaking of another UK Company which prepares consolidated accounts.

**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 30 APRIL 2000**

	<u>2000</u>	<u>1999</u>
	£000	£000
1. TURNOVER		
Local bus service revenue	38,040	37,677
Local bus service subsidy	2,062	1,853
Other	<u>1,787</u>	<u>1,855</u>
	<u>41,889</u>	<u>41,385</u>

All turnover arose within the United Kingdom.

The profit attributable to each class of business has not been shown as the Directors consider that disclosure would be prejudicial to the interests of the Company.

## 2. NET INTEREST PAYABLE

Interest and similar charges receivable/(payable) in the year were as follows:

	<u>2000</u>	<u>1999</u>
	£000	£000
Interest receivable	194	229
Hire Purchase interest	(481)	(479)
Finance lease interest	<u>26</u>	<u>(104)</u>
	<u>(261)</u>	<u>(354)</u>

NOTES TO THE ACCOUNTS (continued)

	<u>2000</u>	<u>1999</u>
	£000	£000
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Redundancy and relocation costs	154	130
Depreciation - Owned fixed assets	1,150	1,259
- Assets held under finance leases and HP agreements	1,648	1,498
Loss on sale of fixed assets	216	7
Operating Lease Rentals - PSVs	-	104
Operating lease rentals - other assets	29	20
Staff Costs - see Note 4	21,975	21,824
Fuel Duty Rebate	<u>(4,487)</u>	<u>(4,128)</u>

Auditors' remuneration has been borne by the ultimate parent company, Stagecoach Holdings plc

Non-audit fees charged by the auditors during the year amounted to £22,380 (1999 - £9,400)

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	<u>2000</u>	<u>1999</u>
	No.	No.
Platform Staff	1,067	1,153
Inspectorate	38	39
Engineering Staff	245	249
Management Admin.	<u>106</u>	<u>90</u>
	<u>1,456</u>	<u>1,531</u>

**NOTES TO THE ACCOUNTS (continued)****4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	<u>2000</u>	<u>1999</u>
	£000	£000
Staff costs of all employees (including executive directors) during the year amounted to:		
Wages and Salaries	19,390	19,446
Social Security Costs	1,360	1,552
Other Pension Costs (Note 18)	<u>1,225</u>	<u>826</u>
	<u>21,975</u>	<u>21,824</u>

	<u>2000</u>	<u>1999</u>
	£000	£000
The remuneration paid to Directors of the Company (excluding pension contributions) was:		
Fees	8	8
Management Remuneration	<u>320</u>	<u>299</u>
	<u>328</u>	<u>307</u>

During the year one of the directors exercised share options.

	<u>2000</u>	<u>1999</u>
	£000	£000
The Directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:		
Highest Paid Director	<u>103</u>	<u>105</u>

The number of directors who were members of pension schemes was as follows:

	<u>2000</u>	<u>1999</u>
	No.	No.
Defined benefit schemes	<u>6</u>	<u>6</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 30 April 2000 was £25,878 (1999 -£23,925) and the accrued lump sum entitlement at 30 April 2000 was £77,634 (1999 - £71,775 ).

**5. TAXATION**

Corporation tax and deferred tax for the years ended 30 April 2000 and 30 April 1999 has been accounted for by the ultimate parent company, Stagecoach Holdings plc.

**NOTES TO THE ACCOUNTS (continued)****6. TANGIBLE FIXED ASSETS**

The following are included in the net book value of tangible fixed assets:

	<u>LAND AND BUILDINGS</u>	<u>PASSENGER SERVICE VEHICLES</u>	<u>PLANT AND EQUIPMENT</u>	<u>TOTAL</u>
	£000	£000	£000	£000
<b>COST OR VALUATION</b>				
At 30 April 1999	6,979	39,916	5,457	52,352
Additions	1,787	2,830	531	5,148
Transfers to/from subsidiary				
Undertakings	-	(4,865)	-	(4,865)
Disposals	-	(927)	(1,930)	(2,857)
At 30 April 2000	<u>8,766</u>	<u>36,954</u>	<u>4,058</u>	<u>49,778</u>
<b>DEPRECIATION</b>				
At 30 April 1999	348	15,570	4,768	20,686
Charge for the year	160	2,364	274	2,798
Transfers to/from subsidiary				
Undertakings	-	(2,835)	-	(2,835)
Disposals	-	(828)	(1,784)	(2,612)
	<u>508</u>	<u>14,271</u>	<u>3,258</u>	<u>18,037</u>
<b>NET BOOK VALUE</b>				
At 30 April 2000	8,258	22,683	800	31,741
At 30 April 1999	<u>6,631</u>	<u>24,346</u>	<u>689</u>	<u>31,666</u>
The net book value of leased assets included within tangible fixed assets is as follows:				
30 April 2000	35	1,479	-	1,514
30 April 1999	<u>53</u>	<u>2,451</u>	-	<u>2,504</u>

Freehold land amounting to £1,175,000 has not been depreciated (1999 - £1,175,000).

**NOTES TO THE ACCOUNTS (continued)****6. TANGIBLE FIXED ASSETS (continued)**

The company's principal operational properties were revalued as at 30 April 1996, based on a valuation performed by Oliver Liggins, Chartered Surveyors, on the basis of open-market existing use.

Original cost, and aggregate depreciation based on cost, of land and buildings included at valuation:

	1999 Freehold £000	2000 Freehold £000	1999 Leasehold £000	2000 Leasehold £000
Original cost	5,889	7,676	87	87
Depreciation based on cost	<u>(1,968)</u>	<u>(2,062)</u>	<u>(35)</u>	<u>(53)</u>
	<u>3,921</u>	<u>5,614</u>	<u>52</u>	<u>34</u>
<b>7. CAPITAL COMMITMENTS</b>			2000 £000	1999 £000
Authorised and not contracted for			<u>461</u>	<u>-</u>

**8. FIXED ASSET INVESTMENTS**

Fixed asset investments comprise the cost of investment in subsidiary undertakings less amounts written off as follows:

	2000 £000	1999 £000
Cost	14,566	14,566
Amounts written off	<u>(2,316)</u>	<u>(2,316)</u>
<b>NET BOOK VALUE</b>	<u>12,250</u>	<u>12,250</u>

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

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

\* Held indirectly via an intermediate holding company.



**NOTES TO THE ACCOUNTS (continued)****9. STOCKS**

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Engineering Stocks and Consumables	81	123
Fuel	<u>218</u>	<u>217</u>
	<u>299</u>	<u>340</u>

There is no material difference between the net replacement cost of stocks and the value at which they are stated in the balance sheet.

**10. DEBTORS**

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Amounts falling due within one year:		
Trade Debtors	323	276
Employee Loans	3	3
Other Debtors	177	519
Amounts due from Group Undertakings		99
Prepayments and Accrued Income	<u>263</u>	<u>1,242</u>
	<u>766</u>	<u>2,139</u>
Amounts falling due after more than one year:		
Prepaid pension costs	<u>4,027</u>	<u>4,027</u>

**NOTES TO THE ACCOUNTS (continued)****11. CREDITORS**

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Amounts falling due within one year:		
Trade Creditors	611	814
Obligations under Finance Leases	52	550
Social Security and PAYE	470	444
Other Creditors and accruals	922	517
Accruals and Deferred Income	2,132	2,100
	<u>4,187</u>	<u>4,425</u>
Amounts falling due after more than one year:		
Amounts owed to Group Undertakings	38,208	37,333
Obligations under Finance Leases	<u>19</u>	<u>97</u>
	<u>38,227</u>	<u>37,430</u>
Bank Loan and Obligations under Finance Leases are repayable as follows:	2000 £000	1999 £000
Within one year:		
Obligations under Finance Leases	52	550
Between one and two years:		
Obligations under Finance Leases	10	176
Between two and five years:		
Obligations under Finance Leases	<u>9</u>	<u>46</u>
	71	772
Less: finance charges allocated to future periods in respect of finance leases	<u>-</u>	<u>(125)</u>
	<u>71</u>	<u>647</u>

**NOTES TO THE ACCOUNTS (continued)****12. PROVISION FOR LIABILITIES AND CHARGES**

Deferred taxation provided in the accounts may be analysed as follows:

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Capital allowances in excess of book depreciation	-	185
Timing differences in respect of finance leases	-	92
Short term timing differences	-	(131)
Timing differences in respect of pension scheme surplus	-	<u>1,329</u>
	-	<u>1,475</u>

The deferred tax balance of £1,475,000 has been transferred to Stagecoach Holdings during the year and any deferred tax provision is dealt with in the holding company accounts.

**NOTES TO THE ACCOUNTS (continued)****13. SHARE CAPITAL**

	<u>2000</u> £000	<u>1999</u> £000
Authorised, allotted, called-up and fully paid:		
6,000,000 Ordinary Shares of 5 pence each (1999 - 6,000,000)	300	300
1 'A' share of £1 (1999 - 1)	—	—
	<u>300</u>	<u>300</u>

**14. CAPITAL RESERVE**

	<u>2000</u> £000	<u>1999</u> £000
At 1 May	2,707	2,707
Movement in year	—	—
At 30 April	<u>2,707</u>	<u>2,707</u>

**15. REVALUATION RESERVE**

	<u>2000</u> £000	<u>1999</u> £000
At 1 May	3,333	3,957
Transfer to Profit and Loss Account	<u>(624)</u>	<u>(624)</u>
At 30 April	<u>2,709</u>	<u>3,333</u>

**16. GOODWILL WRITE-OFF RESERVE**

Following the publication of FRS10, the balance on the goodwill write-off reserve was charged against the profit and loss account in the prior year.

**NOTES TO THE ACCOUNTS** (continued)**17. PROFIT AND LOSS ACCOUNT**

	<u>2000</u> £000	<u>1999</u> £000
At 1 May	941	5,084
Transfer from Revaluation Reserve (See Note 15)	624	624
Transfer from Goodwill write-off reserve (see Note 16)	-	(205)
Profit for the financial year	6,706	6,438
Dividends paid and proposed	<u>(7,000)</u>	<u>(11,000)</u>
At 30 April	<u>1,271</u>	<u>941</u>

**18. PENSIONS**

The Company contributes to the Tyne and Wear County Superannuation Fund governed by the Local Government Superannuation Regulations 1986 ("The LGS Scheme") and the Stagecoach Group Pension Scheme, both of which are funded defined benefit schemes. The pension costs relating to these schemes have been assessed in accordance with the advice of qualified actuaries using the projected unit method.

The accounts for the year ended 30 April 2000 include a net pension charge of £557,000 (1999 - £391,000) in respect of the LGS Scheme.

The LGS Scheme is valued on a triennial basis by a qualified actuary. The assumptions that have the most significant effect on the results of these valuations are those relating to the rate of return on investments and the rate of increase in pensionable earnings. It is assumed that future investment returns will exceed increases in pensionable earnings by 2.5% per annum.

The most recent available actuarial valuation of the LGS scheme took place at 31 March 1999. On the basis of this valuation, the actuarial value of the assets of the fund exceeded the value of accrued benefits, on an on-going basis, by £3,100,000. The surplus of £4,545,000 in the 31 March 1989 valuation was recognised in the Company's balance sheet following the acquisition of Busways Travel Services (1986) Limited in May 1989. The reduction in the surplus of £1,445,000 is not recognised in the balance sheet but is being spread forward over the remaining service lives of existing employees in accordance with Statement of Standard Accounting Practice number 24.

**NOTES TO THE ACCOUNTS (continued)****18. PENSIONS (continued)**

The excess of the amount funded and recognised in the balance sheet over the accumulated pension costs of the Company at 30 April 2000 of £4,027,000 (1999 - £4,027,000) is included in debtors falling due after more than one year.

Full details of the Stagecoach scheme are disclosed in the Group accounts.

The accounts for the year ended 30 April 2000 include a pension charge of £668,000 (1999 - £435,000) in respect of the Stagecoach Scheme, being contributions payable by the Company and the excess of the regular cost of providing benefits over those contributions payable.

**19. GUARANTEES**

The Company has granted certain cross-guarantees and floating charges to secure certain borrowings of fellow group undertakings. The amount secured at 30 April 2000 was £Nil (1999 - £69.8million).

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.

**20. OPERATING LEASE COMMITMENTS**

The Company no longer has any non-cancellable operating leases in respect of public service vehicles. The total rental for the period to 30 April 1999 was £Nil.

**21. ULTIMATE PARENT COMPANY**

The Company's ultimate parent company is Stagecoach Holdings plc, registered in Scotland (number 100764). It heads the only group into which the results of the Company are consolidated.

The accounts of the ultimate parent company are available to the public from the following address:

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