

Busways Travel Services Limited

Financial statements for the year ended 30 April 2002
together with directors' and auditors' reports

Registered number: 2295227



Directors' report

For the year ended 30 April 2002

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 2002.

Principal activity and business review

The principal activity of the company is the provision of bus services in and around the Tyne & Wear and adjacent areas.

Turnover for the year ended 30 April 2002 was £41.3m (2001 - £43.0m) and the profit on ordinary activities before taxation was £11.6m (2001 - £7.2m).

Profit on ordinary activities after taxation amounted to £ 8.6m (restated 2001 - £7.2m). It is recommended that this amount be appropriated as follows:

	2002	Restated 2001
	£000	£000
Profit for the financial year	8,591	7,207
Dividend to parent company	-	(8,000)
Retained profit/(loss) transferred to profit and loss account	<u>8,591</u>	<u>(793)</u>

Directors and their interests

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 D Reay

Mr D Kirsopp

Mrs M Pilgrim (Resigned 26 October 2002)

Mr G Brown (Appointed 1 March 2002)

Mr B Cox (Resigned 3 July 2002)

Mr M Griffiths

Mr P De Santis

Mr L B Warneford (Appointed 25 November 2002)

Directors' report (continued)

Directors and their interests (continued)

None of the directors had an interest in the issued share capital of the company during the year.

The interests of B Cox and M Griffiths in the issued share capital of Stagecoach Group plc are disclosed in the financial statements of that company.

The interests of other directors in the issued share capital of Stagecoach Group plc at 30 April 2002 are as follows:

	Ordinary Shares of 0.5p		Share options on ordinary shares	
	2002 Number	2001 Number	2002 Number	2001 Number
Mr J Conroy	2,110,286	2,117,495	273,760	219,487
Mr D Kirsopp	1,895	1,686	11,677	5,344
Mr D Reay	253	148	111,450	60,000
Mr G Brown	253	-	88,636	55,136
Mrs M Pilgrim	105	-	-	-
P De Santis	15,148	14,640	-	-

Mr J Conroy also had 601,572 loan notes due from Stagecoach Group plc.

Directors' responsibilities

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 of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained in the Accounting Policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements and applicable accounting standards have been followed.

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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

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.

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.

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. During the year, responsibility for the payment of suppliers was transferred to Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days' purchases (2001 – 43 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

During the year Arthur Andersen resigned as auditors, and PricewaterhouseCoopers were appointed to fill the casual vacancy. Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors will be proposed at the next Annual General Meeting.

By order of the Board



A Whitnall

Company Secretary

Wheatsheaf

Sunderland

Tyne & Wear

SR5 1AQ.

25 March 2003

Auditors' report

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

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Glasgow

25 March 2003

Profit and loss account
For the year ended 30 April 2002

	Notes	2002 £000	Restated 2001 £000
Turnover – continuing operations	2	41,262	43,009
Operating costs		(36,639)	(35,553)
Other operating income		675	15
Operating profit – continuing operations		5,298	7,471
Profit on sale of land and buildings		6,323	-
Finance charges (net)	3	(15)	(222)
Profit on ordinary activities before taxation	4	11,606	7,249
Taxation	7	(3,015)	(42)
Profit on ordinary activities after taxation		8,591	7,207
Dividends	5	-	(8,000)
Retained profit / (loss) for the year	15	8,591	(793)

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

Statement of Total Recognised Gains and Losses

	2002 £000	2001 £000
Profit / (loss) for the financial year	8,591	(793)
Prior year adjustment – FRS 19	(5,577)	
Total recognised gains and losses for the year	3,014	

Balance sheet
As at 30 April 2002

	Notes	2002 £000	Restated 2001 £000
Fixed assets			
Intangible assets	8	71	97
Tangible assets	8	26,082	29,629
Investments	8	12,250	12,250
		<u>38,403</u>	<u>41,976</u>
Current assets			
Stock	9	351	388
Debtors (including £29,246,000 (2001- £4,027,000) due after one year)	10	36,774	4,715
Cash at bank and in hand		7,646	5,962
		<u>44,771</u>	<u>11,065</u>
Creditors: Amounts falling due within one year	11	(8,431)	(6,291)
Net current assets		<u>33,340</u>	<u>4,774</u>
Total assets less current liabilities		<u>74,743</u>	<u>46,750</u>
Creditors: Amounts falling due after more than one year	11	(60,771)	(40,514)
Provisions for liabilities and charges	13	(4,722)	(5,577)
Net assets		<u>9,250</u>	<u>659</u>
Capital and reserves			
Equity share capital	14	300	300
Capital Reserve	15	2,707	2,707
Revaluation reserve	15	1,235	2,085
Profit and loss account	15	5,008	(4,433)
Shareholders' funds		<u>9,250</u>	<u>659</u>

Signed on behalf of the Board



L B Warneford
Director

25 March 2003

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

Additional statements

As at 30 April 2002

Reconciliation of movement in shareholders' funds

		Restated
	2002	2001
	£000	£000
Profit for the financial year	8,591	7,207
Dividends	-	(8,000)
Net increase / (reduction) in shareholders' funds	8,591	(793)
Opening shareholders' funds (as previously reported)	659	7,029
Prior year adjustment – FRS 19	-	(5,577)
Opening shareholders' funds as restated	659	1,452
Closing shareholders' funds	9,250	659

The accompanying notes form an integral part of this reconciliation.

Note of Historical Cost Profits and Losses

		Restated
	2002	2001
	£000	£000
Reported profit on ordinary activities before taxation	11,606	7,249
Realisation of property revaluation gains in previous years	802	
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the re-valued amount	48	624
Historical cost profit on ordinary activities before taxation	12,456	7,873
Historical cost profit / (loss) for the year retained after taxation and dividends	9,441	(169)

Notes to the financial statements

For year ended 30 April 2002

1 Accounting policies

Changes in accounting policies

In November and December 2000, the Accounting Standards Board issued FRS 17 'Retirement benefits', FRS 18 'Accounting Policies' and FRS 19 'Deferred tax'.

Full details of the pension scheme and adoption of FRS 17 'Retirement benefits' are provided in the financial statements of the ultimate parent company, Stagecoach Group plc.

FRS 18 has been adopted in the current year, but this did not require any change in accounting policy.

The company has adopted FRS 19, Deferred tax, in the financial statements. The adoption of this new standard represents a change of accounting policy and the comparative figures have been restated accordingly.

The effect of this change in accounting policy was to decrease tax on profit on ordinary activities by £854,606 (2001 - increase £42,203) and to increase profit after tax for the financial year by £854,606 (2001 - decrease £42,203).

The other 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 under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements and a cash flow statement because it is a wholly owned subsidiary of Stagecoach Group plc which prepares consolidated financial statements which are publicly available.

b) Intangible fixed assets

Purchased goodwill (representing the excess of the fair value of consideration paid over the fair value of the separable net assets acquired) and costs of acquiring new businesses are amortised over their useful economic lives. Provision is made for any impairment.

Notes to the financial statements (continued)

1 Accounting policies (continued)

c) *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 8.

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
Motor cars and other vehicles	3 to 5 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated

d) *Fixed asset investments*

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

e) *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.

f) *Taxation*

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate. 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 pre tax item.

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis.

g) *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. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations 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.

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease.

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

1 Accounting policies (continued)

h) 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.

i) Grants

Fuel duty rebate is credited to operating costs.

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 asset to which they relate.

j) 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.

k) Pension costs and other post retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of the scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

Notes to the financial statements (continued)

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 Finance charges (net)

	2002 £000	2001 £000
Bank interest receivable	226	215
Hire purchase and lease interest payable	(241)	(437)
	<u>(15)</u>	<u>(222)</u>

4 Profit on ordinary activities before taxation

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

	2002 £000	2001 £000
Staff costs		
- wages and salaries	20,190	19,882
- social security costs	1,465	1,253
- other pension costs (see note 16c)	1,426	1,296
- redundancy payments	97	215
- Recharge to Stagecoach Services Ltd re restructuring costs	(84)	-
Loss on sale of fixed assets	27	2
Depreciation		
- owned	1,664	1,162
- held under hire purchase and finance leases agreements	967	1,627
Amortisation of goodwill	26	25
Operating lease rentals		
- other	-	43
ESOP costs	<u>125</u>	<u>132</u>

Auditors' remuneration is borne by the ultimate parent company.

5 Dividends

	2002 £000	2001 £000
Dividend payable to parent company - £nil per ordinary share (2001 - £1.33 per ordinary share)	-	8,000

Notes to the financial statements (continued)

6 Directors and employees

	2002	2001
	£000	£000
Emoluments of directors	<u>360</u>	<u>343</u>

The emoluments of B Cox and M Griffiths are disclosed in the financial statements of Stagecoach Group plc. None of their remuneration is in respect of their duties as directors of this company.

The emoluments of J Conroy, D Reay, D Kirsopp, P De Santis and M Pilgrim are disclosed in full above, and include amounts paid as a director of Cleveland Transit Limited. Their emoluments are also disclosed in the financial statements of Cleveland Transit Limited.

The above amounts for remuneration include the following in respect of the highest paid director - £110,589 (2001: £90,695).

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

	2002	2001
	Number	Number
Defined benefit scheme	<u>8</u>	<u>9</u>

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

	2002	2001
	Number	Number
Operations	1,250	1,294
Administration and supervisory	69	146
	<u>1,319</u>	<u>1,440</u>

Notes to the financial statements (continued)

7 Taxation on profit on ordinary activities

	2002	Restated 2001
	£000	£000
a) Charge for the year		
Current tax:		
UK corporation tax on profits of the period	3,870	-
Total current tax	3,870	-
Deferred tax:		
Origination and reversal of timing differences	(227)	42
Adjustments in respect of prior periods	(628)	-
Total deferred tax	(855)	42
 Tax on profit on ordinary activities	 3,015	 42

b) Factors affecting the tax charge for the year

	2002	Restated 2001
	£000	£000
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit on ordinary activities before tax	11,606	7,249
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 – 30%)	3,482	2,175
<i>Effect of:</i>		
Expenses not deductible for tax purposes	160	57
Capital allowances for period in excess of depreciation	228	(42)
Receipt of free group relief	-	(2,190)
Current tax charge for period	3,870	-

8 Fixed assets

a) Intangible assets

Intangible assets consist of purchased goodwill arising on the acquisition of new routes or operations. The movement for the year was as follows:

	£000
Cost	
Beginning of year	122
Additions	-
End of year	<u>122</u>
Amortisation	
Beginning of year	25
Charge for year	26
End of year	<u>51</u>
Net book value	
Beginning of year	<u>97</u>
End of year	<u>71</u>

Notes to the financial statements (continued)

8 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below:

	Freehold land and buildings £000	PSVs £000	Plant equipment furniture and fittings £000	Total £000
Cost or valuation				
Beginning of year	8,935	36,821	4,567	50,323
Additions	2,124	60	58	2,242
Disposals	(2,955)	(856)	(46)	(3,857)
Transfers	-	(1,354)	(495)	(1,849)
End of year	<u>8,104</u>	<u>34,671</u>	<u>4,084</u>	<u>46,859</u>
Depreciation				
Beginning of year	672	16,435	3,587	20,694
Charge for year	154	2,332	144	2,630
Disposals	(215)	(791)	(46)	(1,052)
Transfers	-	(1,261)	(234)	(1,495)
End of year	<u>611</u>	<u>16,715</u>	<u>3,451</u>	<u>20,777</u>
Net book value				
Beginning of year	<u>8,263</u>	<u>20,386</u>	<u>980</u>	<u>29,629</u>
End of year	<u>7,493</u>	<u>17,956</u>	<u>633</u>	<u>26,082</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 £7,069,743 (2001 - £16,972,000). Freehold land amounting to £ 1,789,450 has not been depreciated (2001 - £1,175,000).

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. If this and prior revaluations of land and buildings had not taken place, the historical cost and accumulated depreciation at 30 April 2002 would have been £ 8,042,000 and £2,336,000 respectively (2001 - £7,932,000 and £2,230,000).

Notes to the financial statements (continued)

8 Fixed assets (continued)

c) Investments

	2002 £000	2001 £000
Cost		
Beginning of year	14,566	14,566
Additions	-	-
End of year	<u>14,566</u>	<u>14,566</u>
Provision		
Beginning of year	(2,316)	-
Charge for year	-	(2,316)
End of year	<u>(2,316)</u>	<u>(2,316)</u>
Net book value		
Beginning of year	12,250	14,566
End of year	<u>12,250</u>	<u>12,250</u>

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

Company	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 financial statements (continued)

9 Stocks

	2002	2001
	£000	£000
Spares, consumables and fuel	351	388

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

10 Debtors

	2002	2001
	£000	£000
Amounts owed by group undertakings	25,219	-
Trade debtors	-	438
Prepayments and accrued income	471	231
Pension prepayments	4,027	4,027
Other debtors	7,057	19
	<u>36,774</u>	<u>4,715</u>

Of the total shown above £29,246,000 (2001 - £4,027,000) falls due after more than one year.

11 Creditors

	2002	2001
	£000	£000
Amounts falling due within one year:		
Trade creditors	-	837
Accruals and deferred income	2,216	2,770
Other taxes and social security costs	374	387
Hire purchase and lease obligations	1,899	2,095
Corporation tax creditor	3,870	-
Other creditors	72	202
	<u>8,431</u>	<u>6,291</u>
Amounts falling due after more than one year:		
Amounts owed to group undertakings	59,146	37,090
Hire purchase and lease obligations	1,625	3,424
	<u>60,771</u>	<u>40,514</u>

Notes to the financial statements (continued)

12 Obligations under finance lease agreements

Borrowings are repayable as follows:

	2002 £000	2001 £000
Amounts payable:		
- within one year	1,899	2,095
- between one and two years	1,387	1,834
- between two and five years	238	1,590
	<u>3,524</u>	<u>5,519</u>

13 Provisions for liabilities and charges

	2002 £000	Restated 2001 £000
Accelerated capital allowances	3,645	4,487
Other timing differences	1,077	1,090
Provision for deferred tax	<u>4,722</u>	<u>5,577</u>

Position at start of year as previously reported

-

Prior year adjustment – FRS 19

5,577

1 May 2001 as restated

5,577

Deferred tax credit in profit and loss account for year (note 7a)

(855)

Provision at end of year

4,722

The prior year statement relates to the implementation of FRS 19. The adoption of FRS 19 has resulted in a decrease of the tax charge by £854,606 (2001 – increase of £42,203) and an increase in profit of £854,606 (2001 – decrease of £42,203).

In addition instead of the previous treatment of disclosing deferred tax in the holding company, each subsidiary is now required to account for deferred tax in their own accounts.

The effect of the change in accounting policy on the company's previously reported results is as follows:

Adjustment to the opening reserve at 1 May 2000	5,535
Adjustment to the profit and loss for the year ended 30 April 2001	<u>42</u>
	<u>5,577</u>

Notes to the financial statements (continued)

14 Equity share capital

	2002 £000	2001 £000
<i>Authorised</i>		
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1 (2001 - £1)	-	-
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
6,000,000 Ordinary shares of £0.05p each	300	300
	<hr/>	<hr/>

15 Reserves

The movement on reserves is summarised below:

<i>Distributable</i>	Profit and loss account £000
At start of year as previously reported	1,134
Prior year adjustment – FRS 19	(5,577)
	<hr/>
At start of year as restated	(4,443)
Retained profit for year	8,591
Revaluation reserve release	850
	<hr/>
End of year	5,008
	<hr/>
<i>Non-distributable</i>	Revaluation reserve £000
Beginning of year	2,085
Revaluation reserve release	(850)
	<hr/>
End of year	1,235
	<hr/>
	Other capital reserve
	£000
At beginning and end of year	2,707
	<hr/>

16 Guarantees and other financial commitments

a) Capital commitments

	2002	2001
	£000	£000
Contracted for but not yet provided	5,010	-

b) Lease commitments

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

	Land & buildings £000	Land & buildings £000
Expiry date		
- within one year	-	10
	-	10

c) Pensions

The financial statements reflect the cost of contributions made to the Stagecoach Group Pension Scheme and also the Tyne and Wear Superannuation Fund governed by the Local Government Superannuation regulations 1986 during the year, both are defined benefit schemes.

The company is a contributing employer in the Stagecoach Group Pension Scheme. Full details of this scheme are contained in the accounts of Stagecoach Group plc. Under the transitional arrangements for the implementation of FRS 17, Retirement Benefits, the company continues to account for pensions in accordance with SSAP 24, although the disclosures required by FRS 17 are provided below.

The Stagecoach Group Pension Scheme is a defined benefit scheme. For the purposes of FRS 17, the contributions paid by the company would be 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 in the scheme. The costs of contributions to the Group scheme amount to £1.4m (2001: £1.3m), being 6.2% of pensionable salary, and are based on pension costs across the group as a whole. An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 5 April 2000 and a surplus of £61.9 million was identified. It is anticipated that the contributions to the scheme will remain at the same levels.

d) 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.

17 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 10 and 11.

18 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 to the public from the following address:

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