Busways Travel Services Limited

Financial statements for the year ended 30 April 2005

Registered number: 2295227

Directors' report

For the year ended 30 April 2005

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 2005.

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 2005 was £43,799,000 (2004 - £42,920,000) and the profit on ordinary activities before taxation was £4,718,000 (2004 - £6,879,000).

Profit on ordinary activities after taxation amounted to £4,148,000 (2004 - £3,411,000). It is recommended that this amount be appropriated as follows:

	2005	2004
	£000	£000
Profit for the financial year	4,148	3,411
Dividend to parent company	*(4,000)*	*(4,500)*
Retained profit/(loss) transferred to profit and loss account	148	(1,089)

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 LB Warneford

Mr C Brown (Appointed 30 December 2004)

Mr MA Griffiths (Retired 30 December 2004)

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 other directors in the issued share capital of Stagecoach Group plc at 30 April 2005 are as follows:

	Ordinary Shares of 12/19 p (2004 – 0.5p)		B Shares (issued 14 September 2004)		Share Options on ordinary shares	
	2005 Number	2004* Number	2005 Number	2004* Number	2005 Number	2004* Number
Mr J Conroy	1,599,609	2,020,561	275	N/A	1,089,976	1,087,546
Mr C Brown	720	912	912	N/A	552,630	470,915
Mr LB Warneford	67,295	62,079	275	N/A	1,656,517	1,570,860

Mr J Conroy also had £576,572 loan notes due from Stagecoach Group plc.

* or date of appointment if later

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 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.

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. In 2003, 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 (2004 – 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

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

By order of the Board

A Whitnall
Company Secretary

Daw Bank
Stockport
SK3 ODU

31 August 2005

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds, the note of historical cost profits and losses and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

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

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 into 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow

31 August 2005

Profit and loss account

For the year ended 30 April 2005

	Notes	2005 £000	2004 £000
Turnover – continuing operations	2	43,799	42,920
Operating costs		(38,647)	(38,461)
Other operating income (net)	3	619	643
Operating profit – continuing operations		5,771	5,102
Investment income	4	Nil	2,000
Finance charges (net)	5	(578)	(223)
Exceptional loss on sale of land and buildings	6	(475)	Nil
Profit on ordinary activities before taxation	7	4,718	6,879
Taxation on profit on ordinary activities	10	(570)	(3,468)
Profit on ordinary activities after taxation		4,148	3,411
Dividends	8	(4,000)	(4,500)
Retained profit/(loss) for the year	18	148	(1,089)

There were no recognised gains or losses other than those in the profit and loss account shown above.

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

Balance sheet
As at 30 April 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Intangible assets	11 (a)	Nil	19
Tangible assets	11 (b)	26,639	29,855
Investments	11 (c)	10,637	10,637
		37,276	40,511
Current assets			
Stock	12	267	371
Debtors:			
- falling due within one year	13	1,270	1,762
- falling due after more than one year	13	6,362	7,818
Cash at bank and in hand		3,723	4,996
		11,622	14,947
Creditors: Amounts falling due within one year	14	(4,941)	(5,071)
Net current assets		6,681	9,876
Total assets less current liabilities		43,957	50,387
Creditors: Amounts falling due after more than one year	14	(34,747)	(40,517)
Provisions for liabilities and charges	16	(4,219)	(5,027)
Net assets		4,991	4,843
Capital and reserves			
Equity share capital	17	300	300
Capital Reserve	18	2,707	2,707
Revaluation reserve	18	462	1,179
Profit and loss account	18	1,522	657
Shareholders' funds		4,991	4,843

Signed on behalf of the Board

Colin Brown
Director

31 August 2005

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

Additional statements

As at 30 April 2005

Reconciliation of movement in shareholders' funds

At 30 April 2005

	2005	2004
	£000	£000
Profit for the financial year	4,148	3,411
Dividends	(4,000)	(4,500)
Net increase/(decrease) in shareholders' funds	148	(1,089)
Opening shareholders' funds	4,843	5,932
Closing shareholders' funds	4,991	4,843

The accompanying notes form an integral part of this reconciliation.

Note of Historical Cost Profits and Losses

For the year ended 30 April 2005

	2005	2004
	£000	£000
Reported profit on ordinary activities before taxation	4,718	6,879
Realisation of property revaluation gains of previous years	705	Nil
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the re-valued amount	12	28
Historical cost profit on ordinary activities before taxation	5,435	6,907
Historical cost profit/(loss) for the year retained after taxation and dividends	865	(1,061)

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 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.

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 11.

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.

1 Accounting policies (continued)

f) Taxation

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.

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. 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.

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. Where appropriate, amounts are shown net of rebates and Vat.

i) Grants

Fuel duty rebate 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.

1 Accounting policies (continued)

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.

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 (net)

	2005 £000	2004 £000
Advertising income	401	415
Property rental income	14	7
Other miscellaneous revenue	204	221
	619	643

4 Investment income

	2005 £000	2004 £000
Dividends received	Nil	2,000

5 Finance charges (net)

	2005 £000	2004 £000
Bank loan and overdraft interest	(458)	(109)
Bank interest receivable	352	283
Hire purchase and finance lease interest payable	(472)	(397)
	(578)	(223)

6 Exceptional loss on sale of fixed assets

During the year the company transferred land and buildings at a net book value of £3,951,079 to a fellow group subsidiary company, Scoto Limited, under a 125 year finance lease, realising a loss on disposal of £475,143. The company also simultaneously entered into a 10 year operating lease with Scoto Limited for the land and buildings.

7 *Profit on ordinary activities before taxation*

The profit on ordinary activities before taxation for the year is stated after charging:

	2005 £000	2004 £000
Depreciation and amounts written off tangible fixed assets:		
- owned	1,432	1,412
- held under hire purchase and finance leases agreements	1,367	1,378
Amortisation of goodwill	19	26
Fixed asset investments impairment	Nil	1,613
Loss on disposal of tangible fixed assets, other than properties	53	15
Operating lease rentals:		
- land and buildings	71	65
- plant and machinery	25	22

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

8 Dividends

	2005 £000	2004 £000
Ordinary shares – interim paid £0.67 (2004 - £0.75) per share	4,000	4,500

9 Directors and employees

	2005	2004
	£000	£000
Emoluments of directors	173	136

The emoluments of MA Griffiths are disclosed in the financial statements of Stagecoach Group Plc. None of his remuneration is in respect of his duties as a director of this company.

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. £17,641 of their total emoluments received are apportioned to their services as directors of Busways Travel Services Limited.

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

	2005	2004
	Number	Number
Defined benefit scheme	3	3

The average remuneration comprised:

	2005	2004
Staff costs	£000	£000
Wages and salaries	19,345	19,304
Social security costs	1,677	1,590
Other pension costs (see note 19b)	3,948	2,495
SAYE	4	Nil
	24,974	23,389

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

	2005	2004
	Number	Number
Operations	1,148	1,156
Administration and supervisory	87	86
	1,235	1,242

10 Taxation on profit on ordinary activities

a) Charge for the year	2005 £000	2004 £000
Current tax:		
UK corporation tax on profits of the period	1,490	1,861
Adjustments in respect of prior years	(112)	614
Total current tax	1,378	2,475
Deferred tax:		
Origination and reversal of timing differences	(626)	99
Adjustments in respect of prior periods	(182)	894
Total deferred tax (note 16)	(808)	993
Tax on profit on ordinary activities	570	3,468

b) Factors affecting the tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £000	2004 £000
Profit on ordinary activities before tax	4,718	6,879
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 – 30%)	1,415	2,064
Effect of:		
Non tax deductible expenditure and other permanent differences	(270)	496
Loss on inter company asset transfer	142	Nil
Capital allowances more than depreciation	(181)	(99)
Non taxable UK dividend income	Nil	(600)
Other timing differences	384	Nil
Adjustment to tax charge in respect of previous periods	(112)	614
Current tax charge for year	1,378	2,475

11 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:

	Goodwill
	£000
Cost	
At beginning and end of year	122
Amortisation	
At beginning of year	103
Charge for year	19
At end of year	122
Net book value	
At beginning of year	19
At end of year	Nil

11 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below:

	Land and buildings	PSVs	Plant and equipment and furniture and fittings	Total
	£000	£000	£000	£000
Cost or valuation				
Beginning of year	13,249	35,768	4,449	53,466
Additions	729	3,203	65	3,997
Disposals	Nil	(1,127)	(13)	(1,140)
Transfers	(4,359)	(2,994)	165	(7,188)
End of year	9,619	34,850	4,666	49,135
Depreciation				
Beginning of year	(980)	(18,923)	(3,708)	(23,611)
Charge for year	(211)	(2,435)	(153)	(2,799)
Disposals	Nil	1,056	4	1,060
Transfers	408	2,585	(139)	2,854
End of year	(783)	(17,717)	(3,996)	(22,496)
Net book value				
Beginning of year	12,269	16,845	741	29,855
End of year	8,836	17,133	670	26,639

The net book value of assets leased under finance leases and hire purchase agreements, which have been capitalised and included in the above, is £10,819,338 (2004 - £10,520,526). Depreciation of £1,367,077 (2004 - £1,378,347) has been charged in the year in respect of assets held under hire purchase or finance lease agreements.

Freehold land amounting to £1,495,450 has not been depreciated (2004 - £1,789,450).

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 2005 would have been £9,053,000 and £679,000 respectively (2004 - £11,823,000 and £733,000).

11 Fixed assets (continued)

c) Investments

	Subsidiary undertakings £000
Cost	
At beginning and end of year	14,566
Provision	
At beginning and end of year	(3,929)
Net book value	
At beginning and end of year	10,637

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

* Held indirectly via an intermediate holding company.

12 Stocks

	2005	2004
	£000	£000
Spares, consumables and fuel	267	371

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

13 Debtors

	2005	2004
Amounts falling due within one year:	£000	£000
Corporation tax recoverable	Nil	1,394
Prepayments and accrued income	1,270	368
	1,270	1,762

	2005	2004
Amounts falling due after more than one year:	£000	£000
Amounts owed by group undertakings	3,616	3,791
Pension prepayments	2,746	4,027
	6,362	7,818

14 Creditors

	2005	2004
Amounts falling due within one year:	£000	£000
Accruals and deferred income	2,092	2,756
Other taxes and social security costs	545	511
Hire purchase and lease obligations	589	1,597
UK Corporation tax payable	1,491	Nil
Other creditors	224	207
	4,941	5,071
Amounts falling due after more than one year:		
Amounts due to group companies	31,592	34,296
Hire purchase and lease obligations	3,155	6,221
	34,747	40,517

15 Obligations under Hire Purchase and Finance Lease agreements

Borrowings are repayable as follows:

Amounts payable:	2005 £000	2004 £000
- within one year	589	1,597
- between one and two years	589	1,432
- between two and five years	2,566	4,789
	3,744	7,818

16 Provisions for liabilities and charges

	2005 £000	2004 £000
Accelerated capital allowances	3,512	3,872
Other timing differences	707	1,155
Provision for deferred tax	4,219	5,027
Provision at beginning of year	5,027	4,034
Deferred tax (credit)/charge in profit and loss account for year (note 10a)	(808)	993
Provision at end of year	4,219	5,027

17 Equity share capital

	2005	2004
Authorised	£000	£000
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1 (2004 – £1)	-	-
Allotted, called up and fully paid		
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1(2004 - £1)	-	-

18 Reserves

The movement on reserves is summarised below:

Distributable	Profit and loss account £000
At beginning of year	657
Retained profit for the year	148
Revaluation reserve release	717
At end of year	1,522

Non Distributable	Revaluation reserve £000
At beginning of year	1,179
Revaluation reserve release	(717)
At end of year	462

	Capital reserve £000
At beginning and end of year	2,707

19 Guarantees and other financial commitments

a) Lease commitments

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

	Land and Buildings 2005 £000	Other 2005 £000	Land and Buildings 2004 £000	Other 2004 £000
Expiry date				
- within one year	Nil	2	Nil	4
- between two and five years	Nil	54	21	23
- over five years	333	Nil	60	Nil
	333	56	81	27

19 Guarantees and other financial commitments (continued)

b) Pensions

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 Financial Reporting Standard ("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 to the company of contributions to the Group scheme amount to £850,000 (2004: £735,000), being 8.4% of pensionable salary. An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 5 April 2002 and a surplus of £17.0 million was identified. The results of the most recent actuarial valuation of the Stagecoach Group Pension Scheme, undertaken in April 2005, will not be known until later in the financial year. These results will be reflected in next year's financial statements.

The company is also a contributing employer in the Tyne and Wear Superannuation Fund governed by the Local Government Superannuation regulations 1986. This scheme is a defined benefit scheme and during the year the costs of contributions to this scheme amounted to £3,098,000 (2004: £1,760,000)

The calculations of the FRS 17 disclosures for the Tyne and Wear Superannuation Fund and have been based on the most recent actuarial valuations, which have been updated to 30 April 2005 by an independent professionally qualified actuary to take account of the requirements of FRS17.

The main financial assumptions used by the actuary were as follows:

	2005	2004	2003
	%	%	%
Rate of increase in salaries	4.3	4.3	4.0
Rate of increase of pensions in payment	2.8	2.8	2.5
Discount rate	5.4	5.8	5.5
Inflation	2.8	2.8	2.5
Expected long-term rate of return as at 30 April were:			
- Equities	8.5	8.5	8.5
- Bonds	5.3	5.8	5.3
- Cash	4.7	4.0	3.8
- Property	7.5	7.5	8.0

19 Guarantees and other financial commitments (continued)

b) Pensions (continued)

The following amounts at 30 April 2005 were measured in accordance with the requirements of FRS 17.

	2005	2004	2003
	£m	£m	£m
Equities	33.3	30.0	24.1
Bonds	13.3	11.8	12.4
Cash	4.6	4.2	1.1
Property	1.3	1.2	3.9
Total market value of assets	52.5	47.2	41.5
Present value of scheme liabilities	(74.6)	(70.2)	(67.2)
Pension liability before tax	(22.1)	(23.0)	(25.7)
Related deferred tax asset	6.6	6.9	7.7
Net pension liability	(15.5)	(16.1)	(18.0)

If FRS 17 had been adopted, the amounts charged to the profit and loss account would have been as follows:

	2005	2004
	£m	£m
Charge to operating profits:		
- current service cost	1.0	1.0
- past service cost	Nil	Nil
Total operating charge	1.0	1.0
Finance cost/(income):		
- expected return on assets	(3.5)	(3.0)
- interest cost	3.9	3.6
Net cost	0.4	0.6

19 Guarantees and other financial commitments (continued)

b) Pensions (continued)

The following amounts would have been included within the company's statement of total recognised gains and losses (STRGL) under FRS 17.

	2005	2004	2003
	£m	£m	£m
Actual return less expected return on pension scheme assets	1.7	2.5	(9.1)
Experience gains and losses arising on the scheme liabilities	1.4	Nil	Nil
Changes in assumptions underlying the present value of the scheme liabilities	(2.6)	Nil	(5.4)
Actuarial gain/(loss) reported in the STRGL	0.5	2.5	(14.5)

Actuarial gain/(loss) as a percentage of scheme assets and liabilities at 30 April 2005 were as follows:

	2005	2004	2003
	%	%	%
Actual return less expected return on pension scheme assets as a percentage of scheme assets	3.2	5.3	(21.9)
Experience gains and losses arising on the scheme liabilities as a percentage of the present value of scheme liabilities	1.9	Nil	Nil
Total actuarial gain/(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	0.7	3.6	(21.6)

19 Guarantees and other financial commitments (continued)

b) Pensions (continued)

The movement in deficit during the year under FRS 17 would have been:

	2005	2004
	£m	£m
Deficit in schemes at the beginning of the year	(23.0)	(25.7)
Movement in the year:		
- Current service cost	(1.0)	(1.0)
- Contributions	1.8	1.8
- Other finance cost	(0.4)	(0.6)
- Actuarial gain	0.5	2.5
Deficit in schemes at the end of the year	(22.1)	(23.0)

If FRS 17 had been adopted in these accounts the company's net assets and profit and loss reserve at 30 April 2005 would have been as follows:

	2005	2005	2004	2004
	Profit and loss reserve	Net assets	Profit and loss reserve	Net assets
	£m	£m	£m	£m
As currently stated	1.5	5.0	0.7	4.8
Net pension liability on FRS 17 basis	(15.5)	(15.5)	(16.1)	(16.1)
SSAP 24 Net pension asset that will reverse on implementation of FRS 17	(2.7)	(2.7)	(4.0)	(4.0)
Deferred tax related to SSAP 24 items	0.8	0.8	1.2	1.2
Net assets on FRS 17 basis	(15.9)	(12.4)	(18.2)	(14.1)

19 Guarantees and other financial commitments (continued)

c) 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.

20 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 13 and 14.

21 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 largest 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