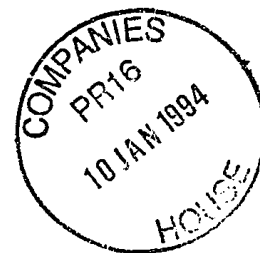


Leaside Bus Company Limited

REGISTERED NO: 2328559

ACCOUNTS FOR THE YEAR ENDING 31 MARCH 1993

TOGETHER WITH DIRECTORS' & AUDITORS' REPORTS



LEASIDE BUS COMPANY LIMITED

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LEASIDE BUS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 1993

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ending 31 March 1993.

Business Review

The company's principal activity continues to be the provision of road passenger transport services within the Greater London area.

A fleet of around 530 buses was in operation at the year end based at garages at Clapton, Enfield, Palmers Green, Stamford Hill, Tottenham and Wood Green.

Substantial changes to the pay and conditions of staff were made during the year and were compensated by once-off lump sum payments. Also a number of staff left the company under a voluntary redundancy scheme. These changes were necessary to retain the bulk of the company's bus routes which were placed on a formal contract basis with London Regional Transport (LRT) from 1 April 1993.

Financial Results

The loss for the year was £5,011,000 before taxation. The directors recommend that no dividend be paid (1992 £nil). For details of reserve movements in the year, see note 16 to the accounts.

The basis of calculating payments from London Buses Limited for operating non-tendered routes has changed. This change will identify the source of the turnover between on-bus and off-bus revenue and additional support. The operating contracts regulating these revised terms were agreed during the year but were implemented from 1 April 1993 as mentioned above.

Directors and their Interests

The directors who held office during the year were as follows:-

Mr C Hodson (chairman)
Mr S J Clayton
Mr J E Ingleton (resigned 26 March 1993)
Mr E A T Milburn
Mr R W Newson
Mr M D J Yexley

None of the directors who held office during the year had any interest in the company notifiable in accordance with the Companies Act 1985.

Fixed Assets

The movement in tangible fixed assets is given in note 5 to the accounts. The company is charged for the use of its garages and buses by London Buses Limited (LBL), its immediate parent undertaking.

Charitable and Political Donations

No charitable or political donations were made during the year.

Health and Safety

The health, safety and welfare of its employees and passengers is of the utmost importance to the company. Audits of safety performance were undertaken frequently during the year. Full support was given to joint consultation and employee participation on safety matters.

Disabled Employees

The company's policy in respect of disabled persons is that their applications for employment are always fully and fairly considered, bearing in mind the abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the company continues and where necessary appropriate training is arranged. It is the company's policy that training, career development and promotion of disabled persons should, as far as possible, be identical with that of all other employees in similar gradings.

Employee Consultation

The directors and managers of the company place considerable value on consultative meetings with employees. Information on matters affecting employees and on various factors affecting the performance of the company is disseminated through meetings, newsletters and training programmes. Employees' representatives are consulted regularly on a wide range of matters affecting employees' current and future interests.

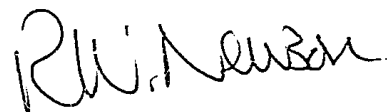
Officers' Insurance

LBL has purchased and maintained insurance for the officers of the company against any liability or breach of trust in relation to the company.

Auditors

The auditors, KPMG Peat Marwick, have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

By order of the Board



279 Seven Sisters Road
London, N4 1QG

R.W. Newson
Secretary

28 May 1993

REPORT OF THE AUDITORS, KPMG PEAT MARWICK
TO THE MEMBERS OF LEASIDE BUS COMPANY LIMITED

We have audited the accounts on pages 6 to 20 in accordance with auditing standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 1993 and of its loss and cash flows for the year then ending and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG PEAT MARWICK
Chartered Accountants
Registered Auditors

28 May 1993
London

LEASIDE BUS COMPANY LIMITED

PROFIT & LOSS ACCOUNT

for the year ending 31 March 1993

	Notes	1993 £'000	Restated 1992 £'000
Turnover	1	48,989	44,400
Cost of operations	4	(46,980)	(42,543)
Exceptional pension write-back		317	-
Exceptional staff payments		<u>(7,337)</u>	<u>-</u>
Profit/(Loss) on ordinary activities before and after taxation	2	<u>(5,011)</u>	<u>1,857</u>
Retained Profit/(Loss) for the year	16	<u>(5,011)</u>	<u>1,857</u>

Movements in reserves are set out in note 16 to these accounts. Below is a statement of total recognised gains and losses for the company.

	1993 £'000	Restated 1992 £'000
Profit/(Loss) for the year	(5,011)	<u>1,857</u>
Prior year adjustments (see note 14)	<u>99</u>	
Total gains and losses recognised since last annual report	<u>(4,912)</u>	

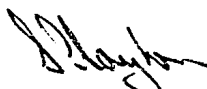
LEASIDE BUS COMPANY LIMITED

BALANCE SHEET

at 31 March 1993

	Notes	1993 £'000	Restated 1992 £'000
Fixed Assets			
Tangible assets	5	<u>1,019</u>	<u>834</u>
Current Assets			
Stocks	7	337	384
Debtors	8	719	2,742
Cash at bank and in hand		<u>294</u>	<u>549</u>
		1,350	3,675
Creditors : Amounts falling due within one year	9	<u>(5,615)</u>	<u>(2,614)</u>
Net Current Assets/(Liabilities)		<u>(4,265)</u>	<u>1,061</u>
Total Assets less Current Liabilities		<u>(3,246)</u>	<u>1,895</u>
Provisions for liabilities and charges	11	<u>(419)</u>	<u>(549)</u>
Net Assets/(Liabilities)		<u>(3,665)</u>	<u>1,346</u>
Capital and Reserves			
Called up share capital	15	1	1
Asset revaluation reserve	16	-	-
Profit and loss account	16	<u>(3,666)</u>	<u>1,345</u>
Total Capital Employed		<u>(3,665)</u>	<u>1,346</u>

The accounts were approved by the Board of Directors on 17 May 1993 and were signed on their behalf by :



28 May 1993

S J Clayton
Director

LEASIDE BUS COMPANY LIMITED

CASH FLOW STATEMENT

for the year ending 31 March 1993

	Notes	1993 £'000	1992 £'000
Net cash flow from operating activities	18a	<u>144</u>	<u>526</u>
Investing activities			
Payments to acquire fixed assets	18b	(426)	(433)
Receipts from sale of fixed assets		<u>19</u>	<u>4</u>
Net cash outflow from investing activities		<u>(407)</u>	<u>(429)</u>
<u>Increase/(Decrease) in cash and cash equivalents</u>	18c	<u>(263)</u>	<u>97</u>

LEASIDE BUS COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historic cost convention and in accordance with applicable accounting standards. The company's accounting policies are aligned to those of its ultimate parent undertaking, London Regional Transport (LRT), whose accounting policies are governed by directions issued by the Secretary of State for Transport.

Turnover

Turnover excludes value added tax and comprises cash taken on buses, contract income from LBL, contractual payments receivable from LRT and income from other commercial services.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows :

Plant and machinery	-	range from 1 to 10 years
Other equipment	-	range from 1 to 10 years
Vehicles	-	range from 3 to 10 years

The depreciation charge for the year is increased by the unexpired historic book value of assets withdrawn from service before they are fully depreciated and is reduced by the net proceeds of the sale of replaceable assets.

Leased Assets

The costs of operating leases are charged directly to the profit and loss account over the period of the lease on a straight line basis.

Stocks

Stocks consist primarily of materials required for the operation and maintenance of buses. These materials are valued at the lower of cost and net realisable value to the company.

Pensions

The majority of employees are members of the LRT Pension Fund, to which the company contributes through LBL and ultimately LRT. The fund is a UK defined benefit scheme, the assets of which are held in trustee administered funds.

The group's pensions costs are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings. Particulars of the last actuarial valuation of the scheme are contained in the financial statements of the ultimate parent corporation, LRT.

The company pays a regular amount to its parent undertaking, London Buses Limited, which makes contributions via LRT to the scheme on its behalf. Any benefits or costs arising as a result of a scheme surplus or deficit are therefore retained or borne by London Buses Limited. From the perspective of the company, the scheme operates similarly to a defined contribution scheme; the particular requirements of SSAP 24 concerning accounting for a defined benefit scheme, which would require the surplus or deficit to be recognised in this company, do not apply. In the opinion of the directors, this treatment is appropriate in order to reflect the substance of the company's pension arrangements.

Taxation

The company is assessable to taxation in accordance with the Income and Corporation Taxes Acts. Deferred taxation is computed using the liability method and provision is made to the extent that it is probable that a liability will arise in the foreseeable future.

Holiday Pay

No provision is made for any current year annual leave entitlement not taken.

LEASIDE BUS COMPANY LIMITED

NOTES TO THE ACCOUNTS

for the year ending 31 March 1993

NOTE 1 Turnover and loss before taxation

All of the company's turnover and loss before taxation derives from the provision of road passenger transport services in the Greater London area.

NOTE 2 Profit/(Loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation for the year has been arrived at after charging/(crediting) the following amounts :-

	1993 £'000	Restated 1992 £'000
Auditors' remuneration for audit work	16	12
Fuel duty rebate	(2,802)	(2,357)
Hire rentals under operating leases		
- Plant and machinery	27	17
- Other	50	40
Depreciation (see note 6)	222	114
Exceptional staff payments	7,337	-
Exceptional pension write-back (see note 4)	317	-

Exceptional staff payments arise from contractual buy-out of certain terms and conditions of service and redundancy payments arising.

NOTE 3 Directors' Emoluments

The directors received emoluments as executives including salaries, benefits in kind and contributions by the company for pensions and other related payments totalling £231,000 (1992 £200,000).

The directors' emoluments (excluding pension contributions) included the chairman £Nil (1992 £Nil), and highest paid director £64,000 (1992 £53,000).

The directors received emoluments (excluding pension contributions) in the following ranges:-

	1993 Number	1992 Number
£0 - £5,000	2	2
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£45,001 - £50,000	2	-
£50,001 - £55,000	-	2
£60,001 - £65,000	2	-

Basic annual salaries of the directors were as follows :-

	At 31 March 1993 £	At 31 March 1992 £
Mr C Hodson (chairman)	Nil	Nil
Mr J E Ingleton (non-executive)	-	Nil
(49,867	44,248
Other directors (48,255	43,869
(39,284	35,648
(35,832	32,515

NOTE 4 Staff Costs

Particulars of staff (including executive directors) are shown below. Staff costs during the year amounted to :-

	1993	1992
	£'000	£'000
Wages and salaries	29,648	26,130
National Insurance	2,656	1,967
Other pension contributions	1,316	1,454
Redundancy and restructuring payments	-	503
	<u>33,620</u>	<u>30,054</u>

The average weekly number of persons employed by the company, including directors, during the year was as follows :-

	1993	1992
	Number	Number
Traffic Operations	1,543	1,384
Engineering and Maintenance	303	288
Administration	<u>56</u>	<u>54</u>
	<u>1,902</u>	<u>1,726</u>

On 1 April 1993, LBL took over all responsibility for pension provisions and therefore the provision built up under SSAP24 was released as an exceptional item. Pension contributions included in the cost of operations amounted to £1,316,000 for the year ending 31 March 1993 and £1,454,000 for the year ending 31 March 1992. These amounts represented 1.25 times the employees' contributions.

NOTE 5 Tangible fixed assets

The movement in the year was as follows :-

	Buses and Coaches £'000	Plant, machinery and other £'000	Total £'000
<u>Cost</u>			
At beginning of year (as previously stated)	189	1,661	1,850
Prior year adjustment (see note 14)	<u>(143)</u>	<u>(286)</u>	<u>(429)</u>
At beginning of year (restated)	46	1,375	1,421
Additions	-	476	476
Withdrawals or transfers	<u>-</u>	<u>(156)</u>	<u>(156)</u>
At end of year	<u>46</u>	<u>1,695</u>	<u>1,741</u>
<u>Depreciation</u>			
At beginning of year (as previously stated)	175	771	946
Prior year adjustment (see note 14)	<u>(140)</u>	<u>(219)</u>	<u>(359)</u>
At beginning of year (restated)	35	552	587
Charge for the year	4	237	241
Withdrawals or transfers	<u>-</u>	<u>(106)</u>	<u>(106)</u>
At end of year	<u>39</u>	<u>683</u>	<u>722</u>
Net book value at 31 March 1993	<u>7</u>	<u>1,012</u>	<u>1,019</u>
Net book value at 31 March 1992 (restated)	<u>11</u>	<u>823</u>	<u>834</u>
Net book value at 31 March 1992 (as previously stated)	<u>14</u>	<u>890</u>	<u>904</u>

NOTE 6 Depreciation

The total depreciation charge for the year comprises:

	1993 £'000	Restated 1992 £'000
Depreciation provision	241	118
<u>Add</u> : historical value of disposals of replaceable assets	-	-
<u>Less</u> : proceeds of sale of replaceable assets	(19)	(4)
	<u>222</u>	<u>114</u>

NOTE 7 Stocks

	1993 £'000	1992 £'000
Bus maintenance	285	350
Fuel and lubricants	<u>128</u>	<u>138</u>
	413	488
<u>Less</u> : Provision for obsolescence	<u>(76)</u>	<u>(104)</u>
	<u>337</u>	<u>384</u>

NOTE 8 Debtors

	1993 £'000	1992 £'000
Amounts due from LBL and fellow LBL Subsidiary Undertakings	15	1,794
Value added tax (net)	199	200
Central Government - fuel duty rebate	297	267
Other debtors and accrued income	38	133
Prepayments	<u>170</u>	<u>348</u>
	<u>719</u>	<u>2,742</u>

NOTE 9 Creditors : Amounts falling due within one year

	1993 £'000	1992 £'000
Bank overdraft	8	-
Trade creditors	890	443
Amounts due to LBL and fellow LBL Subsidiary Undertakings	2,727	6
Amounts due to LRT and other LRT Subsidiary Undertakings	460	609
Receipts in advance	11	8
Salary and wages accrual	492	756
Income tax and National Insurance	334	324
Other accruals	693	468
	<u>5,615</u>	<u>2,614</u>

The salary and wages accrual includes redundancy owing to staff who have been served notice but have not yet received payment.

NOTE 10 Operating lease commitments

The annual commitments under non-cancellable operating leases are as follows :

	<u>Other than Property</u>	
	1993 £'000	1992 £'000
Operating leases which expire :		
Within one year	18	17
From two to five years	<u>34</u>	<u>16</u>
	<u>52</u>	<u>33</u>

NOTE 11 Provisions for liabilities and charges

	<u>Holiday Pay</u> <u>Provision</u> (see note (a) below)	<u>Redundancy</u> <u>Provision</u> (see note (b) below)	<u>Compensation</u> <u>Claims</u> (see note (c) below)	<u>Total</u>
	£'000	£'000	£'000	£'000
At beginning of year	458	35	56	549
Profit and loss movement in year	<u>(100)</u>	<u>(35)</u>	<u>5</u>	<u>(130)</u>
At end of year	<u>358</u>	<u>-</u>	<u>61</u>	<u>419</u>

- a) Employees who joined LRT's predecessor, London Transport Executive, before 1 January 1975 were not entitled to paid holiday in the calendar year of joining, but on leaving the company are entitled to up to 27 days holiday pay in respect of that year. This provision additionally covers compensatory leave and leave not taken due to sickness in a prior year, but not current entitlement leave not taken.
- b) Provision was made for payments to staff who at 31 March 1992 had accepted an offer of voluntary redundancy.
- c) Provision is made for specific employee liability claims to be determined by industrial tribunals, together with associated legal costs.

NOTE 12 Taxation

No liability for corporation tax arises in respect of the accounting year ending 31 March 1993. At 31 March 1993 there are group losses available to be relieved against any taxable profits. Agreement of the losses is outstanding with the Inland Revenue.

NOTE 13 Deferred Taxation

There is no potential deferred taxation liability arising in respect of timing differences (1992 £nil).

NOTE 14 Prior year adjustment

During the year the company changed its accounting policy, such that tangible fixed assets which were previously recorded at current cost less accumulated depreciation are now included at historic cost less accumulated depreciation. Consequently the comparative figures have been restated and an adjustment made to the depreciation charge, which is now calculated on historic cost rather than current cost.

NOTE 15 Called up share capital

	1993 £'000	1992 £'000
Authorised share capital 1,000,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid 1,000 ordinary shares of £1 each	1	1

NOTE 16 Reserves

	£'000
<u>Asset revaluation reserve</u>	
At beginning of year (as previously stated)	169
Prior year adjustment	<u>(169)</u>
At beginning of year (restated)	<u>-</u>
At end of year	<u><u>-</u></u>

Profit and Loss Account

At beginning of year (as previously stated)	1,246
Prior year adjustment	<u>99</u>
At beginning of year (restated)	1,345
Loss for the year	<u>(5,011)</u>
At end of year	<u><u>(3,666)</u></u>

NOTE 17 Shareholders' Funds

At beginning of year	1,416
Prior year adjustment	<u>(70)</u>
At beginning of year (restated)	1,346
Loss for the year	<u>(5,011)</u>
At end of year	<u><u>(3,665)</u></u>

NOTE 18 Cash Flow Statement - reconciliations and analysis

a) Reconciliation of operating profit with the cash flow from operating activities in the cash flow statement:-

	1993	Restated 1992
	£'000	£'000
Operating Profit/(Loss)	(5,011)	1,857
Depreciation charge	222	114
(Increase)/Decrease in stocks	47	(64)
(Increase)/Decrease in debtors	2,023	67
Increase/(Decrease) in revenue creditors falling due within one year (see note 18(d))	2,993	(1,245)
Increase/(Decrease) in provisions for liabilities and charges	(130)	(203)
Net cash inflow from operating activities	144	526

b) Reconciliation of expenditure on fixed assets in the balance sheet with the cash flow statement :-

	1993	1992
	£'000	£'000
Capital expenditure incurred on tangible fixed assets (note 5)	(476)	(344)
Net historic book value on disposal of assets recharged to LBL	50	32
Transfer of tangible fixed assets from parent or fellow subsidiary undertakings	-	(121)
Net cash flow to acquire tangible fixed assets	(426)	(433)

c) Movement in cash and cash equivalents :-

	1993	1992	1993	1992
	£'000	£'000	Movement £'000	Movement £'000
Cash at bank, in transit and in hand	294	549	(255)	97
Bank overdraft	(8)	-	(8)	-
Cash and cash equivalents	286	549	(263)	97

d) Reconciliation of the creditors falling due within one year in the balance sheet with the revenue creditors falling due in one year in note 18a :-

	1993 £'000	1992 £'000	1993 Movement £'000	1992 Movement £'000
Creditors: amounts falling due within one year	5,615	2,614	3,001	(1,245)
<u>Less: Bank overdraft</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Movement in revenue creditors falling due within one year	<u>5,607</u>	<u>2,614</u>	<u>2,993</u>	<u>(1,245)</u>

NOTE 19 Capital commitments

At 31 March 1993, the company had the following capital commitments (1992 £Nil) :-

Authorised	£40,000
Contracted	£Nil

NOTE 20 Parent corporation

The company is registered in England and Wales and is a wholly owned subsidiary undertaking of London Buses Limited which is also registered in England and Wales. The ultimate holding corporation is London Regional Transport which was formed in accordance with the London Regional Transport Act 1984. Both of these undertakings prepare group accounts. The accounts of London Regional Transport are available to the public for a charge and may be obtained from the Secretary at 55 Broadway, London SW1H 0BD.

NOTE 21 Future Funding

The accounts have been prepared on a going concern basis notwithstanding the deficiency of net assets, on the basis that the parent company has agreed to provide continuing financial support.