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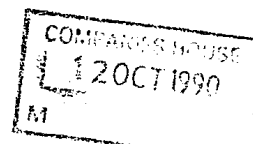
LEASIDE BUS COMPANY LIMITED

ACCOUNTS FOR THE PERIOD 14TH DECEMBER 1988

TO 31ST MARCH 1990

TOGETHER WITH DIRECTORS' & AUDITORS' REPORTS

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LEASIDE BUS COMPANY LIMITEDDIRECTORS' REPORT FOR THE PERIOD 14TH DECEMBER 1988 TO 31ST MARCH 1990

The Directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the period 14th December 1988 to 31st March 1990.

Incorporation

The Company was incorporated on 14th December 1988.

Principal Activity

The Company commenced trading on 1st April 1989, its principal activity being the provision of road passenger transport services within the Greater London area.

Business Review

Since commencing trading, the fleet of around 430 buses has operated 13.7 million miles and carried on average over two million passengers a week.

The company has made great efforts to improve performance during the year across all operational areas and during the last quarter operated 97% of the scheduled mileage compared with the annual figure of 94.8%.

Great emphasis is being placed on investing in the future reliability of the vehicles as a means to enhance service quality. Services are constantly being monitored and refined to ensure that they are effective and meet passenger demand.

A number of "in house" functions were established during the year including a heavy accident repair centre, vehicle testing station and vehicle trim centre. The company will continue to seek to perform functions "in house" where it is economic to do so.

The year saw a substantial growth in private hire and excursion work and the acquisition of two new coaches. The continuing success in this market will be closely monitored and is a credit to all those involved.

Following the loss of two services as a result of competitive tendering, it is clear that the major challenge facing the company is to sustain performance whilst bringing costs closely into line with the market place. The presence of General Managers and a committed workforce in each garage will greatly assist in meeting this challenge and ensuring that the image of the company and the quality and cost effectiveness of the service provided will continue to be enhanced.

Financial Results

The loss for the period after taxation was £734,000. The Directors recommend that no dividend be paid.

Directors and their Interests

The following Directors served during the period :-

C Hodson	Appointed 14th December 1988 - Chairman
S J Clayton	Appointed 13th January 1989
N V Cohen	Appointed 14th December 1988 Resigned 1st April 1989
I J Harkness	Appointed 14th December 1988 Resigned 1st April 1989
J E Ingleton	Appointed 14th December 1988
E A T Milburn	Appointed 1st April 1989
M D J Yexley	Appointed 1st April 1989

The Directors who held office at 31st March 1990 had no interest in the Company notifiable in accordance with the Companies Act 1985.

Fixed Assets

The Company rents its premises and buses from London Buses Limited (LBL) and paid an asset usage charge for the period to LBL for plant, equipment and software.

As at 1st April 1990, ownership of plant and equipment was transferred from LBL to the Company.

Charitable and Political Donations

No charitable or political donations were made during the period.

Health and Safety

The health, safety and welfare of its employees is of the utmost importance to the Company. Searching audits of safety performance at the garages were frequently undertaken during the year. Safety Advisors were appointed and received appropriate training to carry out their responsibilities. Full support was given to joint consultation and employee participation on safety matters.

Disabled Employees

The Company 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 his/her 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 its employees. Information on matters affecting them as 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 their current and future interests.

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Equal Opportunities

The Company is committed to the principle of equal opportunities. It is working to ensure that its staff have opportunities to develop and progress on the basis of individual merit, irrespective of gender, ethnic origin or, subject to job requirements, disability. An Equal Opportunities Unit has been established by the LBL Group to provide specialist support for the development and monitoring of equal opportunities policy and procedures throughout the LBL Group.

Auditors

On 1st January 1990 the Company's auditors changed the name under which they practised to KPMG Peat Marwick McLintock and accordingly have signed their report in their new name.

The auditors, KPMG Peat Marwick McLintock, are willing to continue in office and a resolution proposing their re-appointment and remuneration was approved by the first Annual General Meeting.

By Order of the Board

R. W. Newson.

28th June 1990
279 Seven Sisters Road
LONDON N4 1QG

Company Secretary

AUDITORS' REPORT

To the members of Leaside Bus Company Limited.

We have audited the accounts on pages 6 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st March 1990 and of the loss and source and application of funds of the Company for the period from 14th December 1988 to 31st March 1990 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

KPMG Peat Marwick McLintock
Chartered Accountants
London

28th June 1990

LEASIDE BUS COMPANY LIMITEDSTATEMENT OF ACCOUNTS

INDEX TO ACCOUNTS

PROFIT & LOSS ACCOUNT	6
BALANCE SHEET	7
STATEMENT OF SOURCE & APPLICATION OF FUNDS	8
PRINCIPAL ACCOUNTING POLICIES	9 - 10
NOTES TO THE ACCOUNTS	11 - 14

LEASIDE BUS COMPANY LIMITEDPROFIT & LOSS ACCOUNTfor the period 14th December 1988 to 31st March 1990

	Notes	1990 £'000
Turnover	1	38,479
Cost of Transport Operations	2	(39,213)
Loss on Ordinary Activities before Taxation	1,3	(734)
Taxation	14	-
Loss on Ordinary Activities after Taxation		(734)
Retained Loss for the Period		(734)

The Principal Accounting Policies and accompanying notes are an integral part of this profit and loss account.

LEASTIDE BUS COMPANY LIMITEDBALANCE SHEETas at 31st March 1990

	Notes	1990 £'000
<u>Fixed Assets</u>		
Tangible Fixed Assets		-
<u>Current Assets</u>		
Stocks	7	291
Debtors	8	3,629
Cash at Bank and In Hand		1
		3,921
Creditors: amounts falling due within one year	9	(3,905)
<u>Net Current Assets</u>		16
<u>Total Assets less Current Liabilities</u>		16
<u>Creditors: amounts falling due after more than one year</u>		-
<u>Provisions for Liabilities and Charges</u>	11	(749)
<u>Net Assets</u>		(733)
<u>Financed by:</u>		
<u>Capital and Reserves</u>		
Called up Share Capital	12	1
Profit and Loss Account		(734)
<u>Total Capital Employed</u>		(733)

The Principal Accounting Policies and accompanying notes are an integral part of this balance sheet.

Signed on behalf of the Board

Director

Director

28th June 1990
EVB1192

S. Haydon
M. Yexley

LEASIDE BUS COMPANY LIMITEDSTATEMENT OF SOURCE & APPLICATION OF FUNDSfor the period 14th December 1988 to 31st March 1990

	Notes	1990 £'000
<u>Source of Funds</u>		
Loss on ordinary activities before taxation	1	(734)
Add item not involving the movement of funds		
- Provision for liabilities and charges	11	749
Share Capital	12	1
		<u>16</u>
<u>Application of Funds</u>		
Increase/(Decrease) in net current assets as shown below		16
<u>Increase/(Decrease) in net current assets</u>		
Stocks	7	291
Debtors	8	3,629
Creditors due within one year excluding bank overdraft	9	(3,704)
		<u>216</u>
Decrease in cash balances		<u>(200)</u>
		<u>16</u>

The Principal Accounting Policies and accompanying notes are an integral part of this statement.

LEASIDE BUS COMPANY LIMITED

STATEMENT OF SOURCE & APPLICATION OF FUNDS

for the period 14th December 1988 to 31st March 1990

	Notes	1990 £'000
<u>Source of Funds</u>		
Loss on ordinary activities before taxation	1	(734)
Add item not involving the movement of funds	11	749
- Provision for liabilities and charges	12	1
Share Capital		16
		<u>16</u>
<u>Application of Funds</u>		
Increase/(Decrease) in net current assets as shown below		16
<u>Increase/(Decrease) in net current assets</u>		
Stocks	7	291
Debtors	8	3,629
Creditors due within one year excluding bank overdraft	9	(3,704)
		<u>216</u>
		(200)
		<u>16</u>
<u>Decrease in cash balances</u>		
		<u>16</u>

The Principal Accounting Policies and accompanying notes are an integral part of this statement.

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3. Fixed Assets

At 31st March 1990 all assets employed in the Company were owned by London Buses Limited for which a commercial equivalent rent or asset usage charge was paid.

4. Stocks

Stocks consist primarily of materials required for the operation and maintenance of buses. These materials are valued at cost, which is not materially different from current cost, less provision for obsolescence.

5. Taxation

The Company is assessable to taxation in accordance with the Income and Corporation Taxes Acts. Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that the liability will be payable in the foreseeable future.

LEASIDE BUS COMPANY LIMITEDNOTES TO THE ACCOUNTSfor the period 14th December 1988 to 31st March 1990NOTE 1 Analysis of Trading

	<u>Turnover</u>	<u>Profit/(Loss) Before Taxation</u>
	£'000	£'000
Contract Income from LBL	37,282	(725)
Tendered Services from LRT	872	13
Other Income	325	(12)
	<u>38,479</u>	<u>(724)</u>

NOTE 2 Analysis of Cost of Transport Operations

	£'000
Staff costs	25,558
Other expenses	13,655
	<u>39,213</u>

Included in the above are charges from LRT, its subsidiaries and fellow subsidiaries of £10.2 million. These charges are for goods and services bought on an arm's length basis in the ordinary course of business.

NOTE 3 Operating Loss for the Period After and Before Taxation

The operating loss for the period to 31st March 1990 before taxation has been arrived at after charging/(crediting) the following amounts :-

	£'000
Auditors' Remuneration	12
Bus Fuel Duty Rebate	(1,760)
Hire of buses/plant and machinery	2,408
Hire of plant equipment and coaches under operating leases	17

NOTE 4 Directors' Emoluments

The Directors received emoluments including salaries, benefits in kind and contributions by the Company for pensions and other related payments totalling £118,000.

The Directors' emoluments (excluding pension contributions) included the Chairman £nil and highest paid Director £40,000.

Other Directors received emoluments (excluding pension contributions) in the following ranges :-

	Number
Up to £5,000	3
£25,001 - £30,000	1
£35,001 - £40,000	1

NOTE 5 Staff Costs

Particulars of employees (including executive Directors) are shown below. Employee costs during the operating year including costs allocated to capital and renewals recharged to LBL, and work for outside parties amounted to :-

	£'000
Wages and Salaries	22,182
National Insurance	1,665
Pension Contributions	1,711
	<hr/>
	25,558
	<hr/>

The average weekly number of persons employed by the Company during the year was as follows :-

	Number
Traffic Operations	1,283
Engineering and Maintenance	304
Administration	56
	<hr/>
	1,643
	<hr/>

Employees, other than the Directors, whose duties were wholly or mainly discharged in the United Kingdom, received remuneration (excluding pension contributions) in the following range :-

	Number
£30,001 - £35,000	2

NOTE 6 Capital Commitments

As at 31st March 1990, the company had £2,000 authorised Capital Commitments.

NOTE 7 Stocks

Stocks were held for the following purposes :-

	£'000
Bus maintenance	217
Fuel	102
	<hr/>
	319
<u>Less</u> : provision for obsolescence	(28)
	<hr/>
	291
	<hr/>

NOTE 8 Debtors

	£'000
Amounts due from Parent Company	3,110
Amounts due from fellow LBL Subsidiary Companies	19
Value Added Tax (net)	85
Central Government - Fuel Duty Rebate	173
Other Debtors	45
Payments in advance	197
	<hr/>
	3,629
	<hr/>

NOTE 9 Creditors falling due within one year

	£'000
Bank overdraft	201
Trade creditors	517
Amounts due to LRT	145
Amount due to LRT Subsidiary Companies	1,325
Amount owed to fellow LBL Subsidiary Companies	581
Receipts in advance	4
Salaries and Wages	1,079
Accrued Project Expenditure	53
	<hr/>
	3,905
	<hr/>

NOTE 10 Operating Commitments

The commitment under operating leases is as follows :-

	Coaches
	1990
	£'000
Within one year	24

NOTE 11 Provision for Liabilities and Charges

Holiday Pay Provision:-	£'000
Transferred from LBL on 1st April 1989	617
Profit and Loss Accounts Movement in period	132
Payments in period	-
End of year	<u>749</u>

NOTE 12 Share Capital

Upon incorporation the Company issued 1,000 ordinary shares of £1 each.	£'000
Authorised Share Capital	
1,000,000 Ordinary Shares of £1 each	1,000
Called up, allotted and fully paid -	
1,000 Ordinary Shares of £1 each	1

NOTE 13 Parent Corporation

The Company is incorporated in England and is a wholly owned subsidiary of London Buses Limited which is also incorporated in England. The ultimate holding corporation is London Regional Transport which was formed in accordance with the London Regional Transport Act 1984.

NOTE 14 Taxation

No liability for Corporation Tax arises in respect of the accounting period to 31st March 1990. At 31st March 1990 the Company has losses for taxation purposes available to be carried forward. Agreement of the losses is outstanding with the Inland Revenue. No provision for deferred taxation for timing differences has been made because there was no deferred tax liability at 31st March 1990.

NOTE 15 Funding

LBL has approved the Company's Capital and Revenue budgets for the year ending 31st March 1991. LBL has undertaken to continue to support the company for the foreseeable future.