

**ARRIVA DURHAM COUNTY LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1999**



**Company No. 2404350**

# ARRIVA DURHAM COUNTY LIMITED

## COMPANY INFORMATION

---

**Directors**

S P Lonsdale  
J A Ray  
D R Martin  
S J Clayton  
S J Burd

**Secretary**

D P Turner

**Company number**

2404350

**Registered office**

Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

**Auditors**

PricewaterhouseCoopers  
89 Sandyford Road  
Newcastle upon Tyne  
NE99 1PL

---

# ARRIVA DURHAM COUNTY LIMITED

## CONTENTS

---

	Page
Directors' report	1 to 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 to 12

---

# ARRIVA DURHAM COUNTY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31ST DECEMBER 1999

---

The Directors present their report and the audited financial statements for the Company for the year ended 31st December 1999.

#### Principal activities and review of business

The Company's principal activity continues to be the operation of bus and coach services.

#### Results and dividends

The results for the year are set out in the profit and loss account on page 4. The Directors recommend the payment of a dividend amounting to £1,600,000 (1998: £1,000,000).

The Directors consider the state of the Company's affairs to be satisfactory and there have been no material changes since the balance sheet date.

#### Directors

The Directors who held office during the year were:

S P Lonsdale

J A Ray

D R Martin

S J Clayton

S J Burd

J Counsell (Resigned 31st March 1999)

M S Widmer (Resigned 12th February 1999)

#### Directors' interests

None of the Directors had any interest in the share capital of the Company during the year.

S P Lonsdale, J A Ray, D R Martin and S J Clayton are also Directors of the ultimate parent company, ARRIVA plc, and their interests in the share capital of that company are disclosed in its Directors' Report.

The interests of S J Burd in the ordinary share capital of ARRIVA plc are shown in the Directors' Report of the immediate parent company, ARRIVA North East Limited.

#### Employees

The Company aims to provide all employees with information on matters of interest to them as employees and to keep them involved in, and aware of, the Company's activities and performance. The Company is concerned with employees' health and safety and pays particular attention to the health and safety at work legislation.

Decisions are made wherever possible in consultation with employee representatives.

# ARRIVA DURHAM COUNTY LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

---

### Disabled persons

It is the Company's policy to give full and fair consideration to applications for suitable employment by disabled persons having regard to their individual aptitudes and abilities.

Opportunities exist for employees of the Company who become disabled to continue in employment or be trained for other positions in the Company's employment wherever this is practical.

### Policy for payment of creditors

The Company's policy regarding the payment of suppliers is to agree terms of payment at the start of business with each supplier to ensure that the supplier is made aware of the payment terms, and to pay in accordance with its contractual or legal obligations.

### Year 2000

There were no material adverse effects on the Company's business and computer systems arising from the date change to year 2000.

### Single European Currency

The Directors do not consider that there will be any material impact on the Company from the introduction of the Euro.

### Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st December 1999 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and which 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.

### Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. The Company has elected to dispense with the requirement to appoint auditors annually.

By order of the Board



D P Turner, Secretary  
16th March 2000

# AUDITORS' REPORT TO THE

## MEMBERS OF ARRIVA DURHAM COUNTY LIMITED

---

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 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 the 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 as at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
18th October 2000

# ARRIVA DURHAM COUNTY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £'000	1998 £'000
<b>Turnover</b>	2	15,943	15,160
Cost of sales		(11,332)	(10,844)
<b>Gross profit</b>		4,611	4,316
Administrative expenses		(1,528)	(1,704)
Other operating income		249	44
<b>Operating profit</b>	3	3,332	2,656
Interest payable and similar charges	4	(341)	(247)
<b>Profit on ordinary activities before taxation</b>		2,991	2,409
Tax on profit on ordinary activities	6	(629)	(504)
<b>Profit for the financial year</b>		2,362	1,905
Dividends	7	(1,600)	(1,000)
<b>Retained profit for the year</b>	18	762	905

All amounts relate to continuing activities.

The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

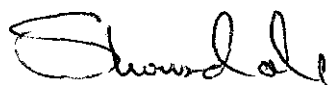
## ARRIVA DURHAM COUNTY LIMITED

## BALANCE SHEET

AS AT 31ST DECEMBER 1999

	Notes	1999 £'000	1999 £'000	1998 £'000	1998 £'000
<b>Fixed assets</b>					
Tangible assets	8		10,176		8,493
Investments	9		53		53
			<u>10,229</u>		<u>8,546</u>
<b>Current assets</b>					
Stocks	11	146		152	
Debtors	12	655		3,003	
Cash at bank and in hand		4,517		1	
		<u>5,318</u>		<u>3,156</u>	
<b>Creditors: amounts falling due within one year</b>	13	(7,270)		(6,940)	
<b>Net current liabilities</b>			<u>(1,952)</u>		<u>(3,784)</u>
<b>Total assets less current liabilities</b>			<u>8,277</u>		<u>4,762</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(4,834)		(2,081)
			<u>3,443</u>		<u>2,681</u>
<b>Capital and reserves</b>					
Called up equity share capital	17		1		1
Profit and loss account	18		3,442		2,680
<b>Equity shareholders' funds</b>	19		<u>3,443</u>		<u>2,681</u>

The financial statements on pages 4 to 12 were approved by the Board on 16th March 2000 and signed on its behalf by:



S P Lonsdale  
Director



# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 1999

---

#### 1 Accounting policies

##### Basis of accounting

The financial statements have been prepared under the historical cost convention, using the accounting policies set out below and in accordance with applicable accounting standards.

##### Consolidation

As permitted by S228 of the Companies Act 1985 the Company has not prepared consolidated financial statements.

##### Turnover

Turnover consists of the gross revenue for road passenger transport together with the aggregate amounts receivable for other goods and services supplied in the ordinary course of business, excluding VAT.

##### Depreciation

Depreciation is calculated to write off cost or valuation of tangible fixed assets on the following bases:

Plant and machinery	10% to 20% per annum on cost
Fixtures, fittings and equipment	10% to 20% per annum on cost
Other motor vehicles	24% to 48% per annum on cost
Public service vehicles	Over periods up to 15 years

##### Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

##### Stocks

Stocks are valued at the lower of cost and net realisable value.

##### Deferred taxation

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is a reasonable probability that the tax deferral will crystallise in the foreseeable future.

##### Pensions

ARRIVA plc operates retirement benefit schemes, both defined benefit and defined contribution schemes, which cover employees of the Company. Contributions made to the defined benefit scheme are based on the cost of providing pensions across all participating group companies. Costs are not determined for each individual company. Contributions payable by the Company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

---

### Hire purchase and leased assets

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

### Cash flow statement

The ultimate parent company has prepared a group cash flow statement. Accordingly the Company is exempt from preparing a cash flow statement.

## 2 Turnover

The turnover was derived from the Company's principal activity which was carried out wholly in the UK.

## 3 Operating profit

The operating profit is stated after charging or (crediting):

	1999	1998
	£'000	£'000
Depreciation of tangible fixed assets:		
-owned assets	374	463
-assets held under finance leases and hire purchase	578	390
Auditors' remuneration	4	3
	<hr/>	<hr/>

## 4 Interest payable and similar charges

	1999	1998
	£'000	£'000
Finance leases and hire purchase contracts	327	-
Interest payable on other loans	14	247
	<hr/>	<hr/>
	341	247
	<hr/>	<hr/>

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 1999

#### 5 Directors and employees

Staff costs were as follows:

	1999 £'000	1998 £'000
Wages and salaries	6,660	6,214
Social security costs	512	422
Pension costs	161	194
	<u>7,333</u>	<u>6,830</u>

The average number of employees during the year was as follows:

	1999 Number	1998 Number
Drivers	463	451
Engineers	67	65
Administration	15	15
	<u>545</u>	<u>531</u>

#### Directors' emoluments

	1999 £'000	1998 £'000
Aggregate emoluments	-	-

#### 6 Taxation

	1999 £'000	1998 £'000
Based on the profit for the year:		
UK corporation tax at 30.25% (1998: 31%)	612	504
	<u>612</u>	<u>504</u>
Prior periods:		
UK corporation tax	17	-
	<u>629</u>	<u>504</u>

The effective rate of taxation is less than the standard rate of 30.25% principally as a result of the excess of capital allowances over depreciation in the bus fleet.

#### 7 Dividends

	1999 £'000	1998 £'000
Equity dividends		
Ordinary dividends payable of £1,600 per share (1998: £1,000 per share)	1,600	1,000

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 1999

#### 8 Tangible fixed assets

	Plant, machinery, fixtures and motor vehicles £'000	Public service vehicles £'000	Total £'000
<b>Cost</b>			
At 1st January 1999	981	14,318	15,299
Additions	7	3,562	3,569
Disposals	(78)	(1,185)	(1,263)
Intra-group transfers	-	(1,125)	(1,125)
<b>At 31st December 1999</b>	<b>910</b>	<b>15,570</b>	<b>16,480</b>
<b>Depreciation</b>			
At 1st January 1999	724	6,082	6,806
Charge for the year	84	868	952
Disposals	(78)	(1,162)	(1,240)
Intra-group transfers	-	(214)	(214)
<b>At 31st December 1999</b>	<b>730</b>	<b>5,574</b>	<b>6,304</b>
<b>Net book value</b>			
At 31st December 1999	180	9,996	10,176
At 31st December 1998	257	8,236	8,493

Assets held under finance leases and hire purchase have a net book value of £6,936,000. Depreciation charged for the year was £578,000.

#### 9 Fixed asset investments

	Shares in group undertakings £'000	Total £'000
<b>Cost</b>		
At 1st January 1999	53	53
<b>At 31st December 1999</b>	<b>53</b>	<b>53</b>
<b>Net book value</b>		
At 31st December 1999	53	53
At 31st December 1998	53	53

## ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER 1999

## 10 Shares in group undertakings

Details of subsidiary undertakings are as follows:

Name of company	Nature of business	Country of incorporation	Percentage holding
Eden Bus Services Limited	Passenger Transport	England	100

In the opinion of the Directors, the carrying value of investments is not less than their actual value.

## 11 Stocks

	1999 £'000	1998 £'000
Raw materials and consumables	146	152

## 12 Debtors

	1999 £'000	1998 £'000
Trade debtors	374	120
Amounts owed by group undertakings	-	2,712
Other debtors	165	2
Prepayments and accrued income	116	169
	655	3,003

## 13 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank loans and overdrafts	-	1,259
Trade creditors	-	167
Amounts owed to group undertakings	2,527	1,936
Other creditors	670	1,181
Accruals and deferred income	1,086	864
Corporation tax	1,264	662
Other taxes and social security	185	113
Obligations under hire purchase and finance lease (Note 16)	1,538	758
	7,270	6,940

The Company is party to an unlimited multi-lateral guarantee involving the bank borrowings of ARRIVA plc and other group undertakings.

## 14 Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Accruals and deferred income	697	-
Obligations under hire purchase and finance lease (Note 16)	4,137	2,081
	4,834	2,081

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 1999

#### 15 Deferred taxation

The potential liability to deferred taxation not provided in the accounts calculated at the rate of tax in force at the year end is as follows:

	Amount unprovided	
	1999	1998
	£'000	£'000
Accelerated capital allowances	1,362	1,106

#### 16 Obligations under hire purchase and finance leases

Obligations under hire purchase contracts and finance leases are analysed between amounts payable:

In the next year

In the second to fifth years inclusive

1999	1998
£'000	£'000

1,538	758
4,137	2,081

5,675	2,839
-------	-------

#### 17 Called up share capital

Authorised

Equity shares

1,000,000 Ordinary shares of £1.00 each

1999	1998
£'000	£'000

1,000	1,000
-------	-------

Allotted and fully paid

Equity shares

1,000 Allotted, called up and fully paid ordinary shares of £1.00 each

1	1
---	---

#### 18 Reserves

At 1st January 1999

Profit for the year

At 31st December 1999

Profit  
and loss  
account  
£'000

2,680

762

3,442

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 1999

19	Reconciliation of movement in equity shareholders' funds	1999 £'000	1998 £'000
	Profit for the financial year	2,362	1,905
	Dividends	(1,600)	(1,000)
	Increase in equity shareholders' funds	762	905
	Opening equity shareholders' funds	2,681	1,776
	Closing equity shareholders' funds	3,443	2,681

#### 20 Pension scheme

ARRIVA plc operates two retirement benefit schemes providing benefits to certain employees within the Company:

##### Retirement Benefit Plan

Some employees of the Company are members of a group operated benefit scheme, The ARRIVA North East Limited Retirement Benefits Plan. The most recent valuation was on 1st April 1998. At that date, the market value of the assets of the Plan was £3,095,766 and the actuarial value of the assets was sufficient to cover 95% of the benefits which had accrued to members at the valuation date.

The principal assumptions used by the actuary were that investment returns would be 9% per annum, that salary increases would average 7.5% per annum and that pensions in payment would increase by 4.5% per annum.

##### Money Purchase Scheme

Some employees of the Company are members of a group operated defined contribution pension scheme. Contributions payable are charged to the profit and loss account as they arise.

The pension cost charge for the period represents contributions payable by the Company to both schemes and amount to £161,000 (1998: £194,000).

#### 21 Ultimate parent company

The ultimate parent company and ultimate controlling party is ARRIVA plc, a company which is registered in England and Wales, and which has prepared group accounts incorporating the results of ARRIVA Durham County Limited. Copies of these accounts can be obtained from Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP.

Transactions with other companies in the ARRIVA Group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures" for wholly-owned subsidiaries.