

**ARRIVA DURHAM COUNTY LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2000**



Company No. 2404350

# ARRIVA DURHAM COUNTY LIMITED

## COMPANY INFORMATION

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### Directors

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

### 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

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**ARRIVA DURHAM COUNTY LIMITED**

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# **ARRIVA DURHAM COUNTY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31ST DECEMBER 2000**

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The Directors present their report and the audited financial statements for the Company for the year ended 31st December 2000.

#### **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 £1,750,000 (1999: £1,600,000).

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

R A Bowler

(Appointed 27th July 2000)

#### **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. The interests of R A Bowler in the ordinary share capital of ARRIVA plc are shown in the Directors' Report of the intermediate parent company, ARRIVA Passenger Services Limited.

#### **Employees**

The Company continues to give full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Company's policy includes, where applicable, the continued employment of those who may become disabled during their employment. The Company has continued its policy of employee involvement, by making information available to employees and encouraging their participation in schemes which are related to the Company's progress and profitability.

# ARRIVA DURHAM COUNTY LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

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### Policy regarding payment of suppliers

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.

### 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.

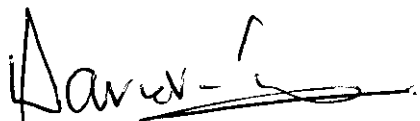
The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st December 2000 and that applicable accounting standards have 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  
20th March 2001

# AUDITORS' REPORT TO THE MEMBERS OF ARRIVA DURHAM COUNTY LIMITED

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We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 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.

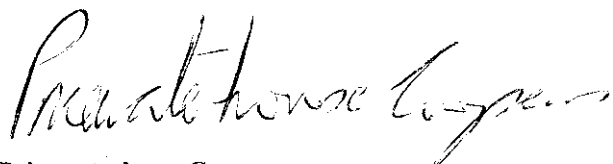
## **Basis of audit opinion**

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 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 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 at 31st December 2000 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  
12th October 2001

# ARRIVA DURHAM COUNTY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 £'000	1999 £'000
<b>Turnover</b>	2	16,775	15,943
Cost of sales		(12,404)	(11,332)
<b>Gross profit</b>		4,371	4,611
Administrative expenses		(1,680)	(1,528)
Other operating income		189	249
<b>Operating profit</b>	3	2,880	3,332
Interest receivable and similar income	4	232	-
Interest payable and similar charges	5	(438)	(341)
<b>Profit on ordinary activities before taxation</b>		2,674	2,991
Tax on profit on ordinary activities	7	(657)	(629)
<b>Profit for the financial year</b>		2,017	2,362
Dividends	8	(1,750)	(1,600)
<b>Retained profit for the year</b>	20	267	762

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 2000

	Notes	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets	10		10,204		10,176
Investments	11		53		53
			<u>10,257</u>		<u>10,229</u>
<b>Current assets</b>					
Stocks	13	199		146	
Debtors	14	551		655	
Cash at bank and in hand		11,609		4,517	
		<u>12,359</u>		<u>5,318</u>	
<b>Creditors: amounts falling due within one year</b>	15	(12,583)		(7,270)	
<b>Net current liabilities</b>			(224)		(1,952)
<b>Total assets less current liabilities</b>			<u>10,033</u>		<u>8,277</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(6,323)		(4,834)
			<u>3,710</u>		<u>3,443</u>
<b>Capital and reserves</b>					
Called up equity share capital	19		1		1
Profit and loss account	20		3,709		3,442
<b>Equity shareholders' funds</b>	21		<u>3,710</u>		<u>3,443</u>

The financial statements on pages 4 to 14 were approved by the Board on 20th March 2001 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 2000

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#### 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.

##### Cash flow statement

The Company is a wholly owned subsidiary and the ultimate parent company has prepared a group cash flow statement. Accordingly, under FRS 1, the Company is exempt from preparing a cash flow statement.

##### 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:

Leasehold properties	Term of lease
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.

##### Goodwill

For acquisitions after 1 January 1998, goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal instalments over its estimated useful economic life of up to a maximum of 20 years. Goodwill previously eliminated against reserves has not been reinstated and will only be charged to the profit and loss account on the subsequent disposal of any business to which it related.

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

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#### 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.

#### 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.

## 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):

	2000 £'000	1999 £'000
Depreciation of tangible fixed assets:		
-owned assets	230	374
-assets held under finance leases and hire purchase	935	578
Loss/(profit) on disposal of fixed assets	1	(48)
Operating leases:		
-plant and equipment	49	44
-land and buildings	223	218
Auditors' remuneration	4	4

## 4 Interest receivable and similar income

	2000 £'000	1999 £'000
Bank interest receivable	232	-

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

<b>5</b>	<b>Interest payable and similar charges</b>	<b>2000</b>	<b>1999</b>
		<b>£'000</b>	<b>£'000</b>
	Finance leases and hire purchase contracts	424	327
	Interest payable on other loans	14	14
		<u>438</u>	<u>341</u>

<b>6</b>	<b>Directors and employees</b>	<b>2000</b>	<b>1999</b>
		<b>£'000</b>	<b>£'000</b>
	Staff costs were as follows:		
	Wages and salaries	7,034	6,660
	Social security costs	547	512
	Pension costs	156	161
		<u>7,737</u>	<u>7,333</u>

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

	<b>2000</b>	<b>1999</b>
	<b>Number</b>	<b>Number</b>
Drivers	474	463
Engineers	64	67
Administration	21	15
	<u>559</u>	<u>545</u>

<b>Directors' emoluments</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	-	-

<b>7</b>	<b>Taxation</b>	<b>2000</b>	<b>1999</b>
		<b>£'000</b>	<b>£'000</b>
	Based on the profit for the year:		
	UK corporation tax at 30% (1999: 30.25%)	675	612
		<u>675</u>	<u>612</u>
	Prior periods:		
	UK corporation tax	(18)	17
		<u>657</u>	<u>629</u>

The effective rate of taxation is less than the standard rate of 30% principally as a result of the excess of capital allowances over depreciation in the bus fleet.

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

8	<b>Dividends</b>	<b>2000</b>	<b>1999</b>
		<b>£'000</b>	<b>£'000</b>
	Equity dividends		
	Ordinary dividends payable of £1,750 per share (1999: £1,600 per share)	1,750	1,600
<hr/>			
9	<b>Intangible fixed assets</b>		
	<b>Cost</b>	<b>Goodwill</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>
	At 1st January 2000	-	-
	Additions	70	70
	<b>At 31st December 2000</b>	70	70
<hr/>			
	<b>Amortisation</b>		
	At 1st January 2000	-	-
	Provided during the year	70	70
	<b>At 31st December 2000</b>	70	70
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	<b>Net book value</b>		
	<b>At 31st December 1999 and 31st December 2000</b>	-	-
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On 1st January 2000, the Company purchased certain trade and assets of Frank's Coaches. The cash consideration was £70,000 for assets with a book value and fair value of £Nil, resulting in goodwill of £70,000.

On 31st December 2000 an impairment review was carried out on the carrying value of this goodwill. This review concluded that the goodwill had no value and, accordingly, was written off to £nil.

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

#### 10 Tangible fixed assets

	Freehold land and buildings	Plant, machinery, fixtures and motor vehicles	Public service vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 1st January 2000	-	910	15,570	16,480
Additions	97	22	1	120
Disposals	-	(233)	(1,241)	(1,474)
Intra-group transfers	-	2	2,781	2,783
At 31st December 2000	97	701	17,111	17,909
Depreciation				
At 1st January 2000	-	730	5,574	6,304
Charge for the year	-	70	1,095	1,165
Disposals	-	(225)	(1,239)	(1,464)
Intra-group transfers	-	-	1,700	1,700
At 31st December 2000	-	575	7,130	7,705
Net book value				
At 31st December 2000	97	126	9,981	10,204
At 31st December 1999	-	180	9,996	10,176

#### 11 Fixed asset investments

	Shares in group undertakings	Total
Cost	£'000	£'000
At 1st January 2000 and 31st December 2000	53	53
Net book value		
At 31st December 1999 and 31st December 2000	53	53

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

#### 12 Shares in group undertakings

Details of subsidiary undertakings are as follows:

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

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

13	Stocks	2000 £'000	1999 £'000
	Raw materials and consumables	199	146

14	Debtors	2000 £'000	1999 £'000
	Trade debtors	232	374
	Amounts owed by group undertakings	1	-
	Other debtors	40	165
	Prepayments and accrued income	278	116
		551	655

15	Creditors: amounts falling due within one year	2000 £'000	1999 £'000
	Payments received on account	79	-
	Amounts owed to group undertakings	7,153	2,527
	Other creditors	720	670
	Accruals and deferred income	1,041	1,086
	Corporation tax	1,209	1,264
	Other taxes and social security	235	185
	Obligations under hire purchase and finance lease (Note 18)	2,146	1,538
		12,583	7,270

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

16	Creditors: amounts falling due after more than one year	2000 £'000	1999 £'000
	Accruals and deferred income	767	697
	Obligations under hire purchase and finance lease (Note 18)	5,556	4,137
		6,323	4,834

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

#### 17 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	
	2000	1999
	£'000	£'000
Accelerated capital allowances	1,516	1,362

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

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

In the next year	2,146	1,538
In the second to fifth years inclusive	5,556	4,137
	7,702	5,675

#### 19 Called up share capital

	2000	1999
	£'000	£'000
Authorised		
Equity shares		
1,000,000 Ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
Equity shares		
1,000 Allotted, called up and fully paid ordinary shares of £1 each	1	1

#### 20 Reserves

	Profit and loss account
	£'000
At 1st January 2000	3,442
Profit for the year	267
At 31st December 2000	3,709

# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

<b>21</b>	<b>Reconciliation of movement in equity shareholders' funds</b>	<b>2000</b>	<b>1999</b>
		<b>£'000</b>	<b>£'000</b>
	Profit for the financial year	2,017	2,362
	Dividends	(1,750)	(1,600)
	Increase in equity shareholders' funds	267	762
	Opening equity shareholders' funds	3,443	2,681
	Closing equity shareholders' funds	3,710	3,443

## **22 Operating lease commitments**

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating leases which expire:				
Within one year	3	-	47	-
Between two and five years	1	-	-	-
After five years	10	-	-	-
	14	-	47	-

## **23 Capital commitments**

The company had the following capital commitments:	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for but not provided in the financial statements	1,276	-



# ARRIVA DURHAM COUNTY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

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#### 24 Pension scheme

At 31 December 2000 the ultimate parent company, ARRIVA plc, operated both defined benefit and defined contribution retirement benefit schemes providing benefits to certain employees within ARRIVA Durham County Limited. The schemes are financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees.

Contributions to the defined benefit fund, the ARRIVA North East Limited Retirement Benefits Plan, are based upon actuarial advice following the most recent actuarial valuation of the fund. The latest actuarial valuation was performed as at 5th April 2000, using the Projected Unit Method. The principal actuarial assumptions were that:

- (i) the annual rate of return on investment would be 2.5 per cent higher than the annual increase in total pensionable remuneration;
- (ii) there would be no variation from a scheme's rules to pensions in payment.

On the basis of these assumptions the actuarial value of the funds at 5th April 2000 was sufficient to cover 108 per cent of the benefits then accrued to members. The market value of the scheme's assets at 5th April 2000 was £3.9 million.

The pensions cost charge for the year represents contributions payable by the Company to both schemes and amount to £156,000 (1999: £161,000).

#### 25 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.