

UNITED AUTOMOBILE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
31 DECEMBER 1995

Company Number: 2404350



UNITED AUTOMOBILE SERVICES LIMITED

Report for the Nine Months Ended 31 December 1995

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UNITED AUTOMOBILE SERVICES LIMITED

Directors' Report for the Nine Months Ended 31 December 1995

1. The directors present their report and the audited financial statements for the nine months ended 31 December 1995.

Ultimate Parent Undertaking

2. On 26 April 1995 an offer to acquire the entire issued share capital of West Midlands Travel Limited (the then ultimate parent undertaking) by National Express PLC became unconditional and the recommended Merger Offer ("the Merger") was completed on 19 July 1995.

Principal Activities

3. The company is engaged in the provision of bus services in the North of England.

Review of Business and Future Developments

4. The results for the period were considered to be satisfactory and the directors expect the level of activity to continue in the foreseeable future.

Dividends and Transfer to Reserves

5. The directors do not recommend the payment of a dividend. The loss for the financial period of £208,000 will be deducted from reserves.

Directors

6. The directors of the company during 9 months ended 31 December 1995 are listed below. All the directors served throughout the period or from the date of their appointment if later or to the date of their resignation.

P M White	Chairman from 1 September 1995
B J Kerslake	(resigned 1 September 1995) Chairman to that date
M S Widmer	
K Watson	
A E Woolner	(appointed 20 October 1995)
S J Burd	

Directors' Interest

7. None of the directors who held office at the end of the financial period had any interests in the shares of the Company.
8. The interests of Mr P M White and Mr A E Woolner in shares and share options of the ultimate parent undertaking are shown in the financial statements of West Midlands Travel Limited.

UNITED AUTOMOBILE SERVICES LIMITED

Directors' Report for the Nine Months Ended 31 December 1995 (Continued)

Changes in Fixed Assets

9. The movements in fixed assets during the period are set out in notes 9 and 10 to the financial statements.

Employees

10. The Company is an equal opportunity employer. The aim of the policy is to ensure that no applicant or employee receives less favourable treatment on the grounds of his or her sex, marital status, disability, race, colour, nationality, or national origins or is disadvantaged by conditions or requirements which cannot be shown to be justifiable.
11. The Company continues to employ disabled persons wherever suitable vacancies arise and to promote these persons' interests.

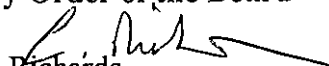
Statement of Directors' Responsibilities

12. Company law requires the directors to prepare accounts 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. In preparing those accounts, the directors are required to:
- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent; and
 - prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
13. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts 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

14. The auditors, Coopers & Lybrand resigned on 28 December 1995 and Ernst & Young were appointed. A resolution to reappoint Ernst & Young as auditors will be put to members at the Annual General Meeting.

By Order of the Board


L Richards
Company Secretary

25 April 1996

UNITED AUTOMOBILE SERVICES LIMITED

REPORT OF THE AUDITORS

to the members of United Automobile Services Limited

We have audited the accounts on pages 5 to 15, which have been prepared under the historical cost convention, and on the basis of the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

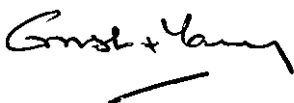
Basis of Opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1995 and of its loss for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham

25 April 1996

UNITED AUTOMOBILE SERVICES LIMITED

Profit and Loss Account for the Nine Months Ended 31 December 1995

	Notes	9 months ended 31 December 1995 £'000	15 months ended 31 March 1995 as restated £'000
Turnover - continuing operations	2	<u>9,856</u>	<u>17,070</u>
Operating costs - continuing operations			
Materials and consumables		(1,385)	(2,176)
External charges		(2,531)	(4,122)
Staff costs	4	(4,907)	(8,833)
Depreciation	5	<u>(551)</u>	<u>(1,064)</u>
		<u>(9,374)</u>	<u>(16,195)</u>
Operating profit - continuing operations		482	875
Profit on disposal of land and buildings		-	2,475
Interest receivable and similar income		3	6
Amounts written off investment in subsidiary undertaking	10	(607)	-
Interest payable and similar charges	6	<u>(11)</u>	<u>(1)</u>
(Loss)/profit on ordinary activities before taxation	5	(133)	3,355
Tax on (loss)/profit on ordinary activities	7	<u>(75)</u>	<u>(1,778)</u>
(Loss)/profit for the financial year		(208)	1,577
Dividends	8	<u>-</u>	<u>(4,798)</u>
Retained loss for the financial period	17	<u>(208)</u>	<u>(3,221)</u>

The company has no recognised gains and losses other than the (losses)/profits above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 15 form part of these financial statements.

UNITED AUTOMOBILE SERVICES LIMITED

Balance Sheet as at 31 December 1995

	Notes	31 December 1995 £'000	31 March 1995 £'000
Fixed assets			
Tangible assets	9	4,406	4,456
Investments	10	<u>53</u>	<u>-</u>
		<u>4,459</u>	<u>4,456</u>
Current assets			
Stocks	11	171	168
Debtors	12	1,903	2,057
Cash at bank and in hand		<u>263</u>	<u>923</u>
		2,337	3,148
Creditors: amounts falling due within one year	13	<u>(6,181)</u>	<u>(6,723)</u>
Net current liabilities		<u>(3,844)</u>	<u>(3,575)</u>
Total assets less current liabilities		615	881
Creditors: amounts falling due after more than one year	14	(250)	-
Provision for liabilities and charges	15	<u>(610)</u>	<u>(918)</u>
Net liabilities		<u>(245)</u>	<u>(37)</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	<u>(246)</u>	<u>(38)</u>
Equity shareholders' funds	18	<u>(245)</u>	<u>(37)</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 25 April 1996 and were signed on its behalf by:



P M White
Director

The notes on pages 7 to 15 form part of these financial statements.

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. As the company is a wholly owned subsidiary of National Express Group PLC, it is exempt under the terms of Financial Reporting Standard No 1 from publishing a cashflow statement. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Changes in comparative figures

The comparative figures in the profit and loss account have been restated to show the different categories of turnover and operating costs on a basis consistent with that of the ultimate parent undertaking. In the previous period's accounts, operating costs were analysed between cost of sales and administrative expenses.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Group financial statements

Group financial statements have not been prepared as the company is exempt under Section 228 of the Companies Act 1985 by virtue of being a wholly owned subsidiary of another UK company for which group financial statements are prepared.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the following bases:

Public service vehicles	12 years
Other vehicles	3 to 5 years
Plant and equipment	3 to 10 years

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

1. Principal Accounting Policies (Continued)

Stocks

Stocks, which comprise spare parts and fuel, have been valued at cost. In addition, provision is made for obsolescence in order to value stocks at the lower of cost or net realisable value.

Deferred taxation

Deferred taxation has been provided using the liability method on all material timing differences. A deferred tax asset or liability is recorded if the timing differences are expected to reverse in the foreseeable future.

Pension Scheme arrangements (see note 22)

Employees of the company are members of a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contribution payable to the scheme in respect of the accounting period.

Employees of the company are members of a group operated pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

2. Turnover

Turnover represents amounts receivable for services net of value added tax. The source and destination of turnover is wholly within the United Kingdom and arises from a single class of business.

3. Directors' Emoluments

None of the director's received any remuneration from the company during the period (1994/95 £Nil).

The directors of the company were employed by and received their emoluments from North East Bus Limited, or West Midlands Travel Limited. Details of their remuneration are shown in the relevant company's financial statements.

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

4. Employee Information

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

	9 months ended 31 December 1995 Number	15 months ended 31 March 1995 Number
Management	9	9
Operational	<u>536</u>	<u>550</u>
	<u>545</u>	<u>559</u>
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	4,411	8,008
Social security costs	351	611
Other pension costs	<u>145</u>	<u>214</u>
	<u>4,907</u>	<u>8,833</u>

5. Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	9 months ended 31 December 1995 £'000	15 months ended 31 March 1995 £'000
Auditors' remuneration		
- Audit services	6	6
- Other	-	3
Depreciation of tangible fixed assets		
- Owned	543	998
- Leased	8	66
Profit on disposal of fixed assets	(3)	(2)
Operating lease rentals	<u>-</u>	<u>3</u>

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

6. Interest Payable and Similar Charges

	9 months ended 31 December 1995 £'000	15 months ended 31 March 1995 £'000
On finance leases terminating within 5 years	-	1
On loans terminating in more than 5 years	<u>11</u>	<u>-</u>
	<u>11</u>	<u>1</u>

7. Tax on Loss on Ordinary Activities

	9 months ended 31 December 1995 £'000	15 months ended 31 March 1995 £'000
United Kingdom corporation tax at 33% (1994/95: 33%) on the profit for the period on ordinary activities	124	1,103
Adjustment relating to previous periods	(95)	-
Deferred tax:		
- Current period	<u>46</u>	<u>675</u>
	<u>75</u>	<u>1,778</u>

8. Dividends

	9 months ended 31 December 1995 £'000	15 months ended 31 March 1995 £'000
Interim dividends of £Nil (1994/95: £4,798) per share	<u>-</u>	<u>4,798</u>

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

9. Tangible Fixed Assets

	Public service vehicles £'000	Other vehicles £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 April 1995	10,276	110	647	11,033
Additions	-	-	37	37
Group transfers in	2,016	-	11	2,027
Group transfers out	(1,655)	-	-	(1,655)
Disposals	(34)	-	-	(34)
At 31 December 1995	<u>10,603</u>	<u>110</u>	<u>695</u>	<u>11,408</u>
Depreciation				
At 1 April 1995	6,127	105	345	6,577
Charge for year	500	1	50	551
Group transfers in	1,091	-	3	1,094
Groups transfers out	(1,186)	-	-	(1,186)
Disposals	(34)	-	-	(34)
At 31 December 1995	<u>6,498</u>	<u>106</u>	<u>398</u>	<u>7,002</u>
Net book value				
At 31 December 1995	<u>4,105</u>	<u>4</u>	<u>297</u>	<u>4,406</u>
At 31 March 1995	<u>4,149</u>	<u>5</u>	<u>302</u>	<u>4,456</u>

The net book value of tangible fixed assets includes an amount of £12,000 (31 March 1995 £20,000) in respect of assets held under finance leases. Depreciation for the period on these assets was £8,000 (1994/95: £66,000).

10. Fixed Asset Investment

	Interests in group undertakings £'000
Cost	
At 31 March 1995	-
Additions during period	<u>660</u>
	660
Provision to write down investment to net asset value at date of acquisition	<u>(607)</u>
Net book value at 31 December 1995	<u>53</u>

At 31 December 1995, the investment consisted of the following:

Name	Country of incorporation or registration	Nature of business	Company holding
Eden Bus Services Limited	England and Wales	Bus Operator	100%

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

10. Fixed Asset Investment (Continued)

In the opinion of the directors the investment in the company's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet.

On 6 October 1995 the Company acquired the whole of the issued share capital of Eden Bus Services Limited. The total consideration consisted of £660,000 together with £29,000 of acquisition costs, the latter being written off directly to the profit and loss account. The total consideration was satisfied by the issue of loan notes totalling £500,000 and the remainder in cash.

11. Stocks

	31 December 1995 £'000	31 March 1995 £'000
Engineering spare parts, spare units, fuel, uniforms and stationery	<u>171</u>	<u>168</u>

12. Debtors

	31 December 1995 £'000	31 March 1995 £'000
Amounts due within one year		
Trade debtors	268	123
Amounts owed by parent and fellow subsidiary undertakings	1,605	1,354
Other debtors	20	36
Advanced corporation tax recoverable	-	420
Prepayment and accrued income	<u>10</u>	<u>124</u>
	<u>1,903</u>	<u>2,057</u>

13. Creditors: amounts falling due within one year

	31 December 1995 £'000	31 March 1995 £'000
Bank overdraft (secured note 20)	1,268	-
Payments received on account	-	617
Unsecured loan notes 1995/2005 (note 14)	250	-
Trade creditors	143	180
Amounts owed to parent and fellow subsidiary undertakings	2,166	3,310
Corporation tax	74	766
Group relief payable	49	357
Taxation and social security	136	131
Other creditors	44	1
Accruals and deferred income	<u>2,051</u>	<u>1,361</u>
	<u>6,181</u>	<u>6,723</u>

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

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

	31 December 1995 £'000	31 March 1995 £'000
Unsecured loan notes 1995/2005	<u>250</u>	<u>—</u>

The unsecured loan notes are repayable by the year 2005 at the option of the noteholder (subject to a maximum of £250,000 by 31 December 1998) and carry interest linked to 6 months LIBOR.

15. Provision for liabilities and charges

	Insurance fund £'000	Deferred tax £'000	Total £'000
At 1 April 1995	354	564	918
(Released)/charged to profit and loss account	<u>(354)</u>	<u>46</u>	<u>(308)</u>
At 31 December 1995	<u>—</u>	<u>610</u>	<u>610</u>

16. Called Up Share Capital

	31 December 1995 £'000	31 March 1995 £'000
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

17. Profit and Loss Account

	£'000
As at 1 April 1995	(38)
Retained loss for the period	<u>(208)</u>
As at 31 December 1995	<u>(246)</u>

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

18. Reconciliation of Movements in Shareholders' Funds

	9 months ended 31 December 1995 £'000	15 months ended 31 March 1995 £'000
Opening shareholders' funds	(37)	3,184
Retained loss for the financial period	(208)	(3,221)
Closing shareholders' funds	(245)	(37)

19. Deferred Tax

Deferred taxation, comprising the full potential liability, is provided in the financial statements as follows:

	31 December 1995 £'000	31 March 1995 £'000
Tax effect of timing difference because of:		
Excess of capital allowances over depreciation	620	670
Other timing differences	(10)	(43)
	<u>610</u>	<u>564</u>

20. Financial Commitments

Commitments on behalf of Group undertakings

The assets of the Company are subject to a fixed and floating charge as security against bank borrowings of £28,279,000 by West Midlands Travel Limited, together with a fixed and floating charge as security against overdraft facilities and/or engagement facilities of West Midlands Travel Limited and subsidiaries totalling £17,700,000.

Operating lease commitment

As at 31 December 1995, the company had annual commitments under operating leases as set out below:

	Land and buildings 31 December 1995 £'000	31 March 1995 £'000
Expiring within one year	1	9
Expiring in more than five years	<u>4</u>	<u>4</u>
	<u>5</u>	<u>13</u>

UNITED AUTOMOBILE SERVICES LIMITED

Notes to the Financial Statements for the Nine Months Ended 31 December 1995 (Continued)

21. Capital Commitments

	31 December 1995 £'000	31 March 1995 £'000
Capital expenditure that has been contracted for but has not been provided in the financial statements	<u>20</u>	<u>-</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>-</u>	<u>37</u>

22. Pension Scheme

Employees of the company are members of a group operated defined benefit scheme. Contributions to the scheme, which is fully funded, are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are based on pension costs as a whole across the participating companies and are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was at 1 April 1992. Particulars of the actuarial valuation of the group scheme are contained in the financial statements of Westcourt Group Limited.

Employees of the company are also members of a group operated defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to both schemes and amount to £145,000 (1994/95: £214,000).

Contributions amounts to £33,000 (31 March 1995: £30,000) were payable to the defined contribution scheme at the period end and are included in creditors.

23. Ultimate Parent Undertaking

The ultimate parent undertaking of United Automobile Services Limited is National Express Group PLC, a company registered in England and Wales. Copies of the group accounts of National Express Group PLC, the parent undertaking of the largest group preparing group accounts which include United Automobile Services Limited, and the group accounts of West Midlands Travel Limited, the parent undertaking of the smallest group who prepare group accounts including United Automobile Services Limited, can both be obtained from the Company Secretarial Department, National Express Group PLC, Worthy Park House, Abbots Worthy, Winchester, Hampshire, SO21 1AN.