

**REGISTERED NUMBER: 2467207 (England and Wales)**

**COPY FOR THE  
REGISTRAR OF  
COMPANIES**

## REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

**FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**FOR**

**SOVEREIGN BUSES (LONDON) LIMITED**

**SOVEREIGN BUSES (LONDON) LIMITED**

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FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

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**SOVEREIGN BUSES (LONDON) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**DIRECTORS:** C Beaumont  
L A Birchley  
K D Carey  
D A Lott  
F-X Perin  
M N S Willis

**SECRETARY:** M N S Willis

**REGISTERED OFFICE:** Wellington Road  
Twickenham  
Middlesex  
TW2 5NX

**REGISTERED NUMBER:** 2467207 (England and Wales)

**AUDITORS:** wbs  
Registered Auditor  
Chartered Accountants  
21-27 St. Paul's Street  
Leeds  
LS1 2ER

# **SOVEREIGN BUSES (LONDON) LIMITED**

## **REPORT OF THE DIRECTORS FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

The directors present their report with the financial statements of the company for the period 1 November 2001 to 2 November 2002.

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of the operation of scheduled bus services under contract to Transport for London.

### **REVIEW OF BUSINESS**

The results for the period and financial position of the company are as shown in the annexed financial statements.

### **DIVIDENDS**

Interim dividends totalling £331,000 were paid during the period.

### **EVENTS SINCE THE END OF THE PERIOD**

Information relating to events since the end of the period is given in the notes to the financial statements.

### **DIRECTORS**

The directors during the period under review were:

G R Fearnley  
S D Wilde  
D B Alexander  
D J Hurry  
J A Joslin

The directors holding office at 2 November 2002 did not hold any beneficial interest in the issued share capital of the company at 1 November 2001 or 2 November 2002. The interests of Messrs G R Fearnley and S D Wilde are disclosed in the accounts of the ultimate parent company. Messrs D B Alexander, D J Hurry and J A Joslin had no interest in shares notifiable in accordance with the Companies Act 1985.

Messrs G R Fearnley, S D Wilde, D B Alexander, D J Hurry and J A Joslin all resigned as directors on 3 November 2002.

Messrs M N S Willis, C Beaumont and F-X Perin were appointed as directors on 3 November 2002. Messrs D A Lott, L A Birchley and K D Carey were appointed as directors on 11 November 2002.

### **EMPLOYMENT OF DISABLED PERSONS**

The Company recognises its obligation to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

### **EMPLOYEE INVOLVEMENT**

As far as possible, allowing for commercial confidentiality, the Company has endeavoured to provide its employees with information on matters that are of concern to them as employees. This has included regular staff meetings of established committees, consisting of representatives of management and staff and the Company welcomes staff participation in these and other forums.

**SOVEREIGN BUSES (LONDON) LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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**

Following the change in ownership of the company, the current auditors, wbs, will not be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

X 

.....  
M N/S Willis - SECRETARY

Dated: 22/08/03

## SOVEREIGN BUSES (LONDON) LIMITED

### REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF SOVEREIGN BUSES (LONDON) LIMITED

We have audited the financial statements of Sovereign Buses (London) Limited for the period ended 2 November 2002 on pages five to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 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 2 November 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



wbs  
Registered Auditor  
Chartered Accountants  
21-27 St. Paul's Street  
Leeds  
LS1 2ER

Dated: 28 August 2003

**SOVEREIGN BUSES (LONDON) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

		Period 1.11.01 to 2.11.02	Year Ended 31.10.01
	Notes	£'000	£'000
<b>TURNOVER</b>		<b>11,039</b>	<b>9,540</b>
Operating costs		<u>(10,781)</u>	<u>(9,403)</u>
<b>OPERATING PROFIT</b>	3	<b>258</b>	<b>137</b>
Interest payable and similar charges	4	<u>-</u>	<u>(6)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>258</b>	<b>131</b>
Tax on profit on ordinary activities	5	<u>(86)</u>	<u>(37)</u>
<b>PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<b>172</b>	<b>94</b>
Dividends	6	<u>(331)</u>	<u>-</u>
		<b>(159)</b>	<b>94</b>
Retained profit brought forward		<u>350</u>	<u>256</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><b>191</b></u>	<u><b>350</b></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current period or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**


The company has no recognised gains or losses other than the profits for the current period or previous year.

**SOVEREIGN BUSES (LONDON) LIMITED**

**BALANCE SHEET  
2 NOVEMBER 2002**

	Notes	2002 £'000	2001 £'000
<b>FIXED ASSETS:</b>			
Tangible assets	7	183	227
<b>CURRENT ASSETS:</b>			
Stocks	8	105	68
Debtors within one year	9	2,644	1,040
Debtors more than one year	9	-	1,900
		2,749	3,008
<b>CREDITORS:</b> Amounts falling due within one year	10	(2,737)	(2,881)
<b>NET CURRENT ASSETS:</b>		12	127
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		195	354
<b>CAPITAL AND RESERVES:</b>			
Share capital	13	-	-
Share premium	14	4	4
Profit and loss account		191	350
<b>SHAREHOLDERS' FUNDS:</b>	18	195	354

**ON BEHALF OF THE BOARD:**

X   
.....  
F-X Perin - DIRECTOR

Approved by the Board on 22/08/03



**SOVEREIGN BUSES (LONDON) LIMITED**

**CASH FLOW STATEMENT  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

		<b>Period 1.11.01 to 2.11.02</b>	<b>Year Ended 31.10.01</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash inflow from operating activities</b>	<b>1</b>	<b>31</b>	<b>36</b>
<b>Returns on investments and servicing of finance</b>	<b>2</b>	<b>-</b>	<b>(6)</b>
<b>Taxation</b>		<b>-</b>	<b>9</b>
<b>Capital expenditure</b>	<b>2</b>	<b>(32)</b>	<b>(64)</b>
<b>Equity dividends paid</b>		<b>-</b>	<b>-</b>
<b>Decrease in cash in the period</b>		<b><u>(1)</u></b>	<b><u>(25)</u></b>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	<b>3</b>		
<b>Decrease in cash in the period</b>		<b><u>(1)</u></b>	<b><u>(25)</u></b>
<b>Change in net debt resulting from cash flows</b>		<b><u>(1)</u></b>	<b><u>(25)</u></b>
<b>Movement in net debt in the period</b>		<b><u>(1)</u></b>	<b><u>(25)</u></b>
<b>Net (debt)/funds at 1 November</b>		<b><u>(16)</u></b>	<b><u>9</u></b>
<b>Net debt at 2 November</b>		<b><u>(17)</u></b>	<b><u>(16)</u></b>

The notes form part of these financial statements

**SOVEREIGN BUSES (LONDON) LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Operating profit	258	137
Depreciation charges	61	53
Loss on sale of fixed assets	7	-
(Increase)/Decrease in stocks	(37)	9
Decrease/(Increase) in debtors	264	(725)
(Decrease)/Increase in creditors	(522)	562
<b>Net cash inflow from operating activities</b>	<b><u>31</u></b>	<b><u>36</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
<b>Returns on investments and servicing of finance</b>		
Interest paid	-	(6)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>-</u></b>	<b><u>(6)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(34)	(64)
Sale of tangible fixed assets	2	-
<b>Net cash outflow for capital expenditure</b>	<b><u>(32)</u></b>	<b><u>(64)</u></b>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.11.01 £'000	Cash flow £'000	At 2.11.02 £'000
<b>Net cash:</b>			
Cash at bank	-	-	-
Bank overdraft	(16)	(1)	(17)
<b>Total</b>	<b><u>(16)</u></b>	<b><u>(1)</u></b>	<b><u>(17)</u></b>
<b>Analysed in Balance Sheet</b>			
Bank overdraft	(16)		(17)
	<b><u>(16)</u></b>		<b><u>(17)</u></b>

The notes form part of these financial statements

# SOVEREIGN BUSES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

#### Turnover

Turnover is the gross revenue from road passenger transport and is stated net of value added tax.

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- 10 years
Plant and machinery	- 5 to 7 years
Buses	- 7 to 15 years

#### Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### Operating leases

The rentals arising under operating lease agreements are charged to the profit and loss account on a straight line basis over the lease term.

#### Pensions

The Company participates in a funded defined contribution pension scheme. Contributions, which are determined after consultation with the scheme's actuary, are charged to the profit and loss account so as to spread the cost of pensions over the average expected working lives of employees in the scheme.

The Company also participates in a defined contribution pension scheme. Contributions payable for the period are charged to the profit and loss account.

### 2. STAFF COSTS

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Wages and salaries	6,037	4,953
Social security costs	537	435
Other pension costs	45	48
	<u>6,619</u>	<u>5,436</u>

**SOVEREIGN BUSES (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**2. STAFF COSTS - continued**

The average monthly number of employees during the period was as follows:

	Period 1.11.01 to 2.11.02	Year Ended 31.10.01
Drivers and conductors	285	257
Engineers	16	13
Office and management	<u>21</u>	<u>22</u>
	<u>322</u>	<u>292</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Reimbursement of fuel duty	(1,133)	(955)
Depreciation - owned assets	61	53
Loss on disposal of fixed assets	7	-
Auditors' remuneration	9	9
Operating leases - Land and buildings	319	310
Operating leases - Buses	<u>1,129</u>	<u>1,105</u>

Directors' emoluments	<u>58</u>	<u>49</u>
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The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>1</u>	<u>1</u>
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**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Bank interest	<u>-</u>	<u>6</u>

# SOVEREIGN BUSES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002

### 5. TAXATION

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Current tax:		
Group relief payable	86	40
Prior year over provision	—	(3)
Total current tax	<u>86</u>	<u>37</u>
Tax on profit on ordinary activities	<u>86</u>	<u>37</u>

#### Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Profit on ordinary activities before tax	<u>258</u>	<u>131</u>
Profit on ordinary activities multiplied by the standard Rate of corporation tax in the UK of 30% (2001 - 30%)	77	39
Effects of:		
Expenses not deductible for tax purposes	1	2
Unrecognised deferred tax asset brought forward	(31)	(32)
Unrecognised deferred tax asset carried forward	39	31
Adjustment in respect of prior year	—	(3)
Current tax charge	<u>86</u>	<u>37</u>

#### Factors that may affect future tax charges

A deferred tax asset amounting to £39,000 (2001 - £31,000) has not been recognised as the amount involved is not considered to be significant and there is no certainty as to when or if the amount will be recovered in the future. This asset relates to the cumulative effect to date of depreciation charged in the accounts exceeding available capital allowances for tax purposes.

**SOVEREIGN BUSES (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**6. DIVIDENDS**

	Period 1.11.01 to 2.11.02 £'000	Year Ended 31.10.01 £'000
Equity shares – ordinary:		
Interim dividends	<u>331</u>	<u>-</u>

**7. TANGIBLE FIXED ASSETS**

	<u>Leasehold property</u>	<u>Plant and machinery</u>	<u>Buses</u>	<u>Totals</u>
	£'000	£'000	£'000	£'000
<b>COST:</b>				
At 1 November 2001	165	376	71	612
Additions	15	19	-	34
Inter group transfer	-	(16)	-	(16)
Disposals	<u>-</u>	<u>(15)</u>	<u>(71)</u>	<u>(86)</u>
At 2 November 2002	<u>180</u>	<u>364</u>	<u>-</u>	<u>544</u>
<b>DEPRECIATION:</b>				
At 1 November 2001	44	279	62	385
Charge for period	21	40	-	61
Inter group transfer	-	(8)	-	(8)
Eliminated on disposals	<u>-</u>	<u>(15)</u>	<u>(62)</u>	<u>(77)</u>
At 2 November 2002	<u>65</u>	<u>296</u>	<u>-</u>	<u>361</u>
<b>NET BOOK VALUE:</b>				
At 2 November 2002	<u>115</u>	<u>68</u>	<u>-</u>	<u>183</u>
At 31 October 2001	<u>121</u>	<u>97</u>	<u>9</u>	<u>227</u>

**8. STOCKS**

	2002 £'000	2001 £'000
Materials	64	60
Fuel	<u>41</u>	<u>8</u>
	<u>105</u>	<u>68</u>

**SOVEREIGN BUSES (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**9. DEBTORS**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade debtors	504	827
Other debtors	74	58
Prepayments & accrued income	143	107
Amounts owed by group undertakings	<u>1,923</u>	<u>48</u>
	<u><b>2,644</b></u>	<u><b>1,040</b></u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>-</u>	<u>1,900</u>
	<u>-</u>	<u>1,900</u>
Aggregate amounts	<u><b>2,644</b></u>	<u><b>2,940</b></u>

**10. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts (see note 11)	17	16
Trade creditors	668	414
Other creditors	215	130
Amounts owed by group undertakings	331	34
Social security & other taxes	248	341
Group relief payable	86	40
Accruals and deferred income	<u>1,172</u>	<u>1,906</u>
	<u><b>2,737</b></u>	<u><b>2,881</b></u>

**11. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>17</u>	<u>16</u>

# SOVEREIGN BUSES (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002

### 12. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Expiring:				
Between one and five years	-	-	599	746
In more than five years	<u>312</u>	<u>312</u>	<u>-</u>	<u>359</u>
	<u>312</u>	<u>312</u>	<u>599</u>	<u>1,105</u>

### 13. CALLED UP SHARE CAPITAL

The authorised share capital is 1,000 ordinary shares of £1 each (2001 - 1,000). The allotted, called-up and fully paid share capital is 3 ordinary shares of £1 each (2001 - 3).

### 14. SHARE PREMIUM

	2002 £'000	2001 £'000
Brought forward and carried forward	<u>4</u>	<u>4</u>

### 15. PENSION COMMITMENTS

The company is a member of a group pension scheme operated by BlazeField Holdings Limited, the ultimate parent company. The group operates the scheme which provides benefits based on Final Pensionable Salary. The assets of the scheme are held separately from 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 group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The scheme is closed to new entrants, and the current service cost will therefore increase as members approach retirement.

The charge to the Profit and Loss Account for pension contributions to this scheme in the period was £11,000.

The group also operates a defined contribution pension scheme. The charge to the Profit and Loss Account for pension contributions to this scheme in the period was £34,000.

Further information regarding the schemes is set out in the financial statements of BlazeField Holdings Limited.



**SOVEREIGN BUSES (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 NOVEMBER 2001 TO 2 NOVEMBER 2002**

**16. ULTIMATE PARENT COMPANY**

The ultimate parent company was Blaze field Holdings Limited throughout the period and the prior year, a company of which Mr G R Fearnley is the controlling shareholder. On 3 November 2002 the company was acquired by London United Busways 1994 Limited. This company changed its name to London United Limited on 14 November 2002.

The Company has taken advantage of the exemptions not to disclose any transactions with entities that are part of the Blaze field group companies and which qualify as related parties since consolidated accounts, in which the Company is included as a wholly owned subsidiary up to 2 November 2002, are publicly available and contain details of any such transactions.

**17. POST BALANCE SHEET EVENTS**

As described above the company was acquired on 3 November 2002.

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002 £'000	2001 £'000
Profit for the financial period	172	94
Dividends	(331)	-
Net (reduction)/addition to shareholders' funds	(159)	94
Opening shareholders' funds	354	260
Closing shareholders' funds	195	354
Equity interests	195	354

**19. SECURITY**

Group bank borrowings are secured by a fixed and floating charge over the assets of the Company.