Red & White Services Limited

Financial statements for the year ended 30 April 2007

Registered number 2555509

Directors' report

For the year ended 30 April 2007

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2007

Business review and principal activities

Red & White Services Limited operates a fleet of 341 buses and employs 773 people, operating in and around South Wales

The results of the Company for the year ended 30 April 2007 show a pre-tax profit of £1,180,000 (2006 re-stated £3,166,000) and turnover of £29,129,000 (2006 £28,555,000) The Company has net assets of £1,534,000 (2006 re-stated £586,000)

Business Environment

The Company operates predominantly local bus services, carrying around 62,225 passengers a day These services are mainly operated on a commercial basis in a largely deregulated market We also operate tendered services, including school contracts, on behalf of local authorities and other public bodies The Company benefits from being part of the UK Bus Division of Stagecoach Group plc, a nationwide public transport operator

The Company operates in a competitive environment and differentiates itself from its competitors by

- Improving operational and engineering facilities
- Focusing on recruitment and retention of drivers
- Investment in new vehicles
- Strong focus on technology and innovation

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate

There are several elements to the Company's strategy for growth They are

- Continued focus on value-for-money ticket offerings
- Investment in new vehicles to maximise our customer's experience
- Commitment to excellent customer service
- Strong focus on the safety and security of passengers and staff
- Consistent excellent operational performance

Training and development

We have consistently sought to recruit and retain the best employees in the markets in which we operate

The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service The Company, under guidance from central UK Bus management, operates a National Vocational Qualification programme for all staff, as well as staff development, graduate trainee and apprentice engineer programmes

Future Outlook

The current financial year to 30 April 2008 has started well and trading is in line with our expectations

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to improve on our current level of performance in the future

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The management and reporting of risk is undertaken at group level, rather than at an individual business unit level The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the group's 2007 annual report, which does not form part of this report

Key Performance Indicators ("KPIs")

The directors of Stagecoach Group plc manage the group's performance on a divisional basis For this reason, the Company's directors believe that analysis, using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the group's 2007 annual report which does not form part of this report

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices The effects of changes in interest rates and commodity prices are managed at a group level by a central group treasury function The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company

Results and dividends

Profit on ordinary activities after taxation amounted to £940,000 (2006 re-stated £2,296,000) It is recommended that this amount be appropriated as follows

	2007	2006
		Re-stated
	£000	£000
Profit for the financial year	940	2,296
Dividend to parent company	Nil	(2,000)
Retained profit transferred to profit and loss account	940	296

Directors

The directors who held office during the year under review and up to the date of approval of these accounts were

Mr L B Warneford
Mr J Gould
Mr C Brown

Statement of directors' responsibilities in respect of the Annual Report and the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

Donations
Donations to charitable organisations amounted to £3,659 (2006 £2,820)

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2006 £Nil)

Disabled persons
The Company recognises its obligations 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

During the period under review, arrangements have been maintained whereby employees of the Company are systematically provided with information on matters of concern to them as employees Such matters have included the financial and economic factors affecting the performance of the company and likely future developments Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions, which are likely to affect their interests

Supplier payment policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them Responsibility for the payment of suppliers lies with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented nil days' purchases (2006 Nil days)

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings

Auditors and Disclosure of Information to Auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company

By order of the Board

A L Whitnall
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

25 January 2008

Independent auditors' report to the members of Red & White Services Limited·

We have audited the financial statements of Red & White Services Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
30 January 2008

Profit and loss account

For the year ended 30 April 2007

	Notes	2007	2006 Re-stated
		£000	£000
Turnover – continuing operations	2	29,129	28,555
Operating costs		(28,184)	(25,731)
Other operating income	4	171	195
Operating profit – continuing operations		1,116	3,019
Finance income net	5	64	147
Profit on ordinary activities before taxation	6	1,180	3,166
Taxation	10	(240)	(870)
Profit for the financial year		940	2,296

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

The accompanying notes form an integral part of this profit and loss account

Balance sheet

As at 30 April 2007

	Notes	2007	2006
			Re-stated
		£000	£000
Fixed assets			
Intangible assets	11(a)	Nil	72
Tangible assets	11(b)	14,433	13,829
Investment subsidiary	11(c)	2,438	2,438
		16,871	16,339
Current assets			
Stock	12	256	262
Debtors amounts falling due within one year	13	2,139	2,296
Cash at bank and in hand		6,883	3,340
		9,278	5,898
Creditors. Amounts falling due within one year	14	(19,148)	(17,637)
Net current liabilities		(9,870)	(11,739)
Total assets less current liabilities		7,001	4,600
Creditors Amounts falling due after more than one year	14	(3,787)	(2,406)
Provisions for liabilities and charges	16	(1,680)	(1,608)
Net assets		1,534	586
Capital and reserves			
Share capital	17	-	-
Contribution reserve	18	23	15
Profit and loss account	18	1,511	571
Shareholders' funds		1,534	586

Signed on behalf of the Board

C Brown
Director

25 January 2008

The accompanying notes form an integral part of this balance sheet

Statement of total recognised gains and losses

As at 30 April 2007

	Notes	2007	2006 Re-stated
		£000	£000
Total recognised gains and losses relating to the year		940	2,296
Prior year adjustment – FRS 20	3	5	
Total gains and losses recognised since last annual report		945	

Reconciliation of movement in shareholders' funds
As at 30 April 2007

	2007	2006
		Re-stated
	£000	£000
Profit for the financial year	940	2,296
FRS 20 movement in contribution reserve	8	15
Dividends	Nil	(2,000)
Net increase in shareholders' funds	948	311
Opening shareholders' funds (as previously reported)	586	277
Prior year adjustment - FRS 20	Nil	(2)
Opening shareholders' funds (as re-stated)	586	275
Closing shareholders' funds	1,534	586

The accompanying notes form an integral part of this reconciliation

Notes to the financial statements
For year ended 30 April 2007

1 Accounting policies

Changes in accounting policy
The Company has adopted FRS 20 'Share-based payments' in the year The adoption of this standard represents a change in accounting policy and the comparative figures have been re-stated accordingly Details of the prior year adjustments are given in note 3

The other principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are

a) Basis of accounting
The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable accounting standards

The validity of the going concern assumption depends on the continued support of Stagecoach Group plc The Company has received confirmation from Stagecoach Group plc that support will continue for the foreseeable future In light of this support, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis

The Company has taken advantage of the exemption from preparing a cash flow statement and consolidated financial statements because it is a wholly owned subsidiary of Stagecoach Group plc which prepares consolidated financial statements which are publicly available

At 30 April 2007, the Company had net current liabilities The directors have received confirmation of continuing financial support from the ultimate holding company Accordingly, the financial statements have been prepared on the going concern basis

b) Intangible fixed assets and amortisation
Intangible fixed assets, including purchased goodwill arising on the acquisition of new routes or operations, are amortised over their useful economic lives

c) Tangible fixed assets
Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 11

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows

Freehold property	50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Plant and equipment	3 to 10 years
Motor cars and other vehicles	3 to 5 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated

1 Accounting policies (continued)

d) Stocks

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items

e) Taxation

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date

f) Turnover

Turnover represents fare revenue receivable in respect of the period The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class

g) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals Assets held under hire purchase arrangements are depreciated over their useful life

Obligations from hire purchase contracts and finance leases within creditors represent the total of the capital payments outstanding at the balance sheet date Future finance charges are not included

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease

Rentals under operating leases are charged on a straight-line basis over the lease term

h) Pension costs and other post retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost The regular cost is calculated so that it represents a substantially level percentage of current and future payroll Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of the scheme members Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet

1 Accounting policies (continued)

i) Dividends

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends, on the period in which they are paid

j) Grants

Bus service operators grant is credited to operating costs

k) Shared based payments

Certain of the company's employees are granted equity settled share based payments by the parent company The company has applied the optional exemption contained within FRS 20, which allows it to apply the standard only to share options granted after the 7 November 2002 that have not vested by 1 May 2005

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period Fair value for equity-settled share based payments is estimated by use of the Black-Scholes pricing model

At each balance sheet date, before vesting, the cumulative expense is calculated based on management's best estimate of the number of equity instruments that will ultimately vest taking into consideration the likelihood of achieving non-market based vesting conditions The movement in the cumulative expensive is recognised in the profit and loss account, with a corresponding entry in equity

2 Segmental information

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom

3 Changes in accounting policy

The company's policy for accounting for share based payments was changed during the year to comply with FRS 20, "Share based payments" The comparative figures in the primary statements and notes have been re-stated to reflect the new policy

FRS 20 requires the fair value of outstanding share options granted to employees to be recognised as a charge in the profit and loss account

The effect of the changes is summarised below

Profit and loss account	2007 £000	2006 £000
Increase in staff costs within operating costs	8	15
Decrease in deferred tax charge	(2)	(5)
Decrease in profit in the financial year	6	10

Balance sheet	2007 £000	2006 £000
Increase in deferred tax asset	2	5

Reserves	2007 £000	2006 £000
Decrease in profit and loss account reserve	(6)	(10)
Increase in contribution reserve	8	15
	2	5

4 Other operating income

	2007 £000	2006 £000
Advertising income	122	153
Other miscellaneous revenue	49	42
	171	195

5 Finance income net

	2007	2006
	£000	£000
Bank interest receivable	251	261
Hire purchase and lease interest payable	(187)	(114)
	64	147

6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging

	2007	2006 Re-stated
	£000	£000
Loss on disposal of tangible fixed assets other than property	92	3
Depreciation		
- owned	1,443	1,704
- held under hire purchase and finance lease agreements	632	392
Amortisation of goodwill	72	192
Operating lease rentals		
- land and buildings	351	320
- other	22	7

Auditors' remuneration is borne by the ultimate parent company

7 Dividend

	2007	2006
	£000	£000
Dividend paid to parent company £Nil per ordinary share (2006 £1,000,000 per ordinary share)	Nil	2,000

8 Staff costs

The average monthly number of persons employed by the Company (including executive directors) during the year was

	2007 Number	2006 Number
Operations	717	700
Administration and supervisory	56	56
	773	756

	2007 £000	2006 Re-stated £000
The aggregate remuneration comprised		
Wages and Salaries	13,179	12,581
Social security costs	1,107	1,096
Other pension costs (see note 19*b*)	2,286	442
Redundancy payments	9	7
Share based payment charge	8	12
	16,589	14,138

9 Directors' remuneration

	2007 £000	2006 £000
Emoluments of directors	139	134

The above details of directors' emoluments include the emoluments of Les Warneford and Colin Brown, which are paid by the ultimate parent company £24,868 (2006 £23,374) of their total emoluments received are apportioned to their services as directors of Red and White Services Limited

The number of directors who were members of pension schemes was as follows

	2007 Number	2006 Number
Defined benefit scheme	3	3

Notes to the financial statements (continued)

For year ended 30 April 2007

10 Taxation

	2007	2006
		Re-stated
a) Charge for the year	£000	£000
Current tax		
UK corporation tax on profits of the period	283	629
Adjustments in respect of prior years	(115)	(49)
Total current tax	168	580
Deferred tax		
Origination and reversal of timing differences	98	275
Adjustments in respect of prior periods	(26)	15
Total deferred tax credit (note 16)	72	290
Tax on profit on ordinary activities	240	870

b) Factors affecting the tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below	2007	2006
		Re-stated
	£000	£000
Profit on ordinary activities before tax	1,180	3,166
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	354	950
Effect of		
Non taxable expenses and other permanent differences	270	61
Treatment of inter-company transactions	(243)	(90)
Capital allowances for period in excess of depreciation	(119)	(127)
Other timing differences	19	(168)
Share based payments (FRS 20)	2	3
Adjustments to tax charge in respect of previous years	(115)	(49)
Current tax charge for year	168	580

10 Taxation (continued)

c) Factors that may affect future tax charges

In the 2007 budget, the UK government announced its intention to propose Parliament to reduce the UK Corporate Income tax rate from 30% to 28% As of 30 April 2007, the tax charge was not substantively enacted

Had the change of rate been substantively enacted as of the balance sheet date the estimated impact on the balance sheet would be a reduction in the deferred tax liability of £112,019

In the 2007 budget, the UK government also announced its intention to propose Parliament to abolish Industrial Buildings Allowances (IBA's) As of 30 April 2007, this change was not substantively enacted Had the change been substantively enacted as of the balance sheet date the estimated impact on the balance sheet would be a reduction in the deferred tax liability of £60,991

11 Fixed assets

a) Intangible assets

Intangible assets consist of purchased goodwill arising on the acquisition of new routes or operations The movement for the year was as follows

	£000
Cost	
Beginning of year	1,485
Additions	Nil
End of year	1,485
Amortisation	
Beginning of year	(1,413)
Charge for year	(72)
End of year	(1,485)
Net book value	
Beginning of year	72
End of year	Nil

11 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below

	Leasehold land and buildings	PSVs	Plant and equipment and furniture and fittings	Total
	£000	£000	£000	£000
Cost				
Beginning of year	666	27,813	2,712	31,191
Additions	229	2,577	152	2,958
Disposals	Nil	(3,274)	(275)	(3,549)
Transfers	Nil	242	(29)	213
Reclassification	Nil	(405)	405	Nil
End of year	895	26,953	2,965	30,813
Depreciation				
Beginning of year	74	15,257	2,031	17,362
Charge for year	32	1,864	179	2,075
Disposals	Nil	(3,077)	(271)	(3,348)
Transfers	Nil	295	(4)	291
Reclassification	Nil	(333)	333	Nil
End of year	106	14,006	2,268	16,380
Net book value				
Beginning of year	592	12,556	681	13,829
End of year	789	12,947	697	14,433

The net book value of assets leased under finance leases and hire purchase agreements which have been capitalised and included in the above is £5,453,433 (2006 re-stated £4,042,904) Depreciation of £631,523 (2006 re-stated £391,507) has been charged in the year in respect of assets held under hire purchase or finance lease agreements

Freehold land amounting to £Nil has not been depreciated (2006 £Nil)

11 Fixed assets (continued)

c) Investments in subsidiaries

	2007	2006
	£000	£000
Investment in subsidiary undertakings	2,438	2,438

In 2006, Red & White Services Limited acquired 100% of the issued share capital of the following company, which is registered in England and Wales

Company	Principal activity
Crosskeys Coach Hire Limited	Public Transport

12 Stocks

	2007	2006
	£000	£000
Spares, consumables and fuel	256	262

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material

13 Debtors

	2007	2006
	£000	£000
Amounts falling due within one year		
Prepayments and accrued income	751	1,218
Amounts owed by group undertakings	1,388	1,078
	2,139	2,296

Amounts due from fellow group undertakings due within one year accrue no interest and are repayable on demand

Notes to the financial statements (continued)
For year ended 30 April 2007

14 Creditors

	2007	2006
	£000	£000
Amounts falling due within one year		
Accruals and deferred income	1,430	1,989
Other taxes and social security costs	409	384
Hire purchase and lease obligations	917	667
Other creditors	2	3
Corporation tax creditor	142	308
Amounts due to group undertakings	16,248	14,286
	19,148	17,637
Amounts falling due after more than one year		
Hire purchase and lease obligations	3,787	2,406

Amounts due to fellow group undertakings due within one year accrue no interest and are repayable on demand

15 Obligations under HP and finance lease agreements
Amounts are repayable as follows

	2007	2006
	£000	£000
Amounts payable		
- within one year	917	667
- between one and two years	925	672
- between two and five years	2,862	1,734
	4,704	3,073

16 Provisions for liabilities and charges

	2007	2006 Re-stated
	£000	£000
Accelerated capital allowances	1,657	1,475
Other timing differences	23	133
Provision for deferred tax	1,680	1,608

At start of year	1,608	1,319
Deferred tax credit in profit and loss account for year (note 10a)	72	290
Prior year adjustment FRS 20	Nil	(1)
Provision at end of year	1,680	1,608

17 Share capital

	2007 £	2006 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

18 Reserves

The movement on reserves is summarised below

	Contribution reserve £000	Profit and loss account £000
At start of year (as previously reported)	Nil	581
Prior year adjustment – FRS 20	15	(10)
At start of year (as re-stated)	15	571
Retained profit for year	Nil	940
FRS 20 movement in year	8	Nil
At end of year	23	1,511

19 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2007 Land & buildings £000	2007 Other £000	2006 Land & buildings £000	2006 Other £000
Expiry date				
- within one year	Nil	6	Nil	Nil
- between two and five years	80	18	44	61
- after five years	217	Nil	349	Nil
	297	24	393	61

b) Pensions

The Stagecoach Group Pension Scheme is a defined benefit scheme For the purposes of FRS 17, the contributions paid by the Company would be accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme The cost to the Company of contributions to the Group scheme amount to £564,000 (2006 £442,000), having risen from 9 25% to 14 6% of pensionable salary during the year An additional £1,722,000 of special contributions was also made to the scheme during the year An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 5 April 2005 and a deficit of £72 0 million was identified

c) Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking

20 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 13 and 14

21 Ultimate parent company

The Company's immediate parent company is Stagecoach West Limited, registered in England and Wales (registered number 2041677) The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated The financial statements of the ultimate parent company are available from the Company Secretary at the following address

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW