

NORTH EAST BUS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2002

Company Registration Number 2974089



NORTH EAST BUS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

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NORTH EAST BUS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

R A Bowler
S L Noble
S Richardson

Company Secretary

D P Turner

Registered Office

Admiral Way
Doxford International Business Park
Sunderland
SR3 3XP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
& Registered Auditors
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

NORTH EAST BUS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The Directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

Principal activities and business review

The Company's principal activity is that of a holding company.

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.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The Directors recommend the payment of a dividend amounting to £2,000,000 (2001: £2,000,000).

Directors

The Directors who served the company during the year were as follows:

R A Bowler	
S L Noble	(Appointed 1 May 2002)
S Richardson	(Appointed 1 May 2002)
J A Ray	(Resigned 1 May 2002)
S P Lonsdale	(Resigned 1 May 2002)

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

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. The interests of S L Noble and S Richardson in the ordinary share capital of Arriva plc are shown in the Directors' Report of the immediate parent company, Arriva Northumbria Limited.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period 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.

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 31 December 2002 and that applicable accounting standards have been followed.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

NORTH EAST BUS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

Auditors

Following the conversion of the Company's auditor PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 23 January 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. An elective resolution has been passed to dispense with the obligation to appoint auditors annually.

Signed by order of the Directors

A handwritten signature in black ink, appearing to be 'D P Turner', written over a horizontal line.

D P Turner
Company Secretary

5 March 2003

NORTH EAST BUS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST BUS LIMITED

YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements which comprise the profit and loss account, the balance sheet and related notes which have been prepared under the historical cost convention and the accounting policies set out in the notes to the accounts.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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. The other information comprises only the Directors' report.

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 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
27 August 2003

NORTH EAST BUS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £000	2001 £000
Turnover		—	—
Administrative expenses		—	—
Operating profit		—	—
Income from shares in group undertakings		2,000	2,000
Profit on ordinary activities before taxation		2,000	2,000
Tax on profit on ordinary activities	3	—	—
Profit on ordinary activities after taxation		2,000	2,000
Dividends	4	(2,000)	(2,000)
Retained profit for the financial year	7	-	-

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 9 form part of these financial statements.

NORTH EAST BUS LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £000	2001 £000
Fixed assets			
Investments	5	16,224	16,224
Current assets			
Cash at bank		9	9
Total assets		<u>16,233</u>	<u>16,233</u>
Capital and reserves			
Called-up equity share capital	6	8	8
Other reserves	7	16,225	16,225
Equity shareholders' funds	8	<u>16,233</u>	<u>16,233</u>

These financial statements were approved by the directors on the 5 March 2003 and are signed on their behalf by:



R A Bowler
Director

The notes on pages 7 to 9 form part of these financial statements.

NORTH EAST BUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

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 cashflow statement. Accordingly, under FRS 1, the Company is exempt from preparing a cash flow statement.

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.

Investment income

Investment income comprises dividends and interest and is accounted for on a receivable basis.

Consolidation

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

2. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year.

3. Tax on profit on ordinary activities

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	2002	2001
	£000	£000
Profit on ordinary activities before taxation	2,000	2,000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	600	600
Non-taxable dividend income received from UK companies	(600)	(600)
Total current tax	—	—

Factors that may affect future tax charges

There are no factors which are expected to materially affect future tax charges.

4. Dividends

The following dividends have been proposed in respect of the year:

	2002	2001
	£000	£000
Proposed dividend on ordinary shares of £2.35 per share (2001: £2.35 per share)	2,000	2,000

NORTH EAST BUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

5. Investments

Shares in group undertakings

	£000
Cost	
At 1 January 2002 and 31 December 2002	<u>16,224</u>
Net book value	
At 31 December 2002	<u>16,224</u>
At 31 December 2001	<u>16,224</u>

Details of shares in group undertakings are as follows:

Name of company	Nature of business	Country of incorporation and operation	Percentage holding
United Automobile Services Limited	Holding company	England & Wales	100%

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

6. Share capital

Authorised share capital:

	2002 £000	2001 £000
1,000,000 Ordinary shares of £0.01 each	<u>10</u>	<u>10</u>

Allotted, called up and fully paid:

	2002 No	£000	2001 No	£000
Ordinary shares of £0.01 each	<u>849,659</u>	<u>8</u>	<u>849,659</u>	<u>8</u>

7. Reserves

	Capital redemption reserve £000	Capital reserve £000	Profit and loss account £000
At 1 January 2002 & 31 December 2002	<u>1</u>	<u>16,224</u>	<u>-</u>

8. Reconciliation of equity shareholders' funds

	2002 £000	2001 £000
Profit for the financial year	2,000	2,000
Dividends	<u>(2,000)</u>	<u>(2,000)</u>
	-	-
Opening equity shareholders' funds	<u>16,233</u>	<u>16,233</u>
Closing equity shareholders' funds	<u>16,233</u>	<u>16,233</u>

NORTH EAST BUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

9. Ultimate parent company

The ultimate parent company and ultimate controlling party is Arriva plc, a company registered in England and Wales, and which has prepared group accounts incorporating the results of North East Bus 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.