

NORTH EAST BUS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2000



Company No. 2974089

NORTH EAST BUS LIMITED

COMPANY INFORMATION

Directors

S P Lonsdale
J A Ray
R A Bowler

Secretary

D P Turner

Company number

2974089

Registered office

Admiral Way
Doxford International Business Park
Sunderland
SR3 3XP

Auditors

PricewaterhouseCoopers
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

NORTH EAST BUS LIMITED

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NORTH EAST BUS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

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 is that of a holding company.

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 £2,500,000 (1999: £2,600,000).

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

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 and J A Ray 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 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.

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.

NORTH EAST BUS LIMITED

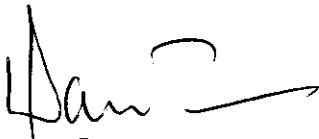
DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

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

A handwritten signature in black ink, appearing to read 'D P Turner', with a long horizontal flourish extending to the right.

D P Turner, Secretary
20th March 2001

AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST BUS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 1, 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.

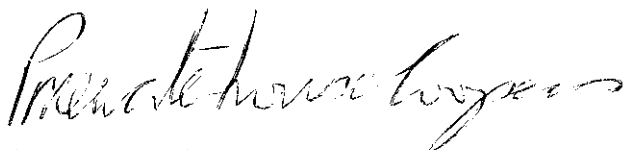
Basis of audit opinion

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 as 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

NORTH EAST BUS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 £'000	1999 £'000
Other operating income		2,500	2,600
Profit on ordinary activities before taxation		2,500	2,600
Tax on profit on ordinary activities		-	-
Profit for the financial year		2,500	2,600
Dividends	3	(2,500)	(2,600)
Transfer to reserves	7	-	-

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.

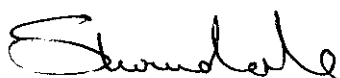
NORTH EAST BUS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2000

	Notes	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets					
Investments	4		16,224		16,224
Current assets					
Cash at bank and in hand		9		9	
Net current assets			9		9
Total assets less current liabilities			16,233		16,233
Capital and reserves					
Called up equity share capital	6		8		8
Capital redemption reserve	7		1		1
Capital reserve	7		16,224		16,224
Profit and loss account	7		-		-
Equity shareholders' funds	8		16,233		16,233

The financial statements on pages 4 to 8 were approved by the Board on 20th March 2001 and signed on its behalf by:



S P Lonsdale
Director

NORTH EAST BUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

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.

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.

2 Operating profit

The operating profit is stated after charging or (crediting):

	2000 £'000	1999 £'000
Auditors' remuneration	-	-
Income from shares in group undertakings	(2,500)	(2,600)

3 Dividends

	2000 £'000	1999 £'000
Equity dividends		
Ordinary dividends payable of £2.94 per share (1999: £3.06 per share)	2,500	2,600

4 Fixed asset investments

	Shares in group undertakings £'000	Total £'000
Cost		
At 1st January 2000 and 31st December 2000	16,224	16,224
Net book value		
At 31st December 1999 and 31st December 2000	16,224	16,224

NORTH EAST BUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

5 Shares in group undertakings

Details of subsidiary 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 investments is not more than their realisable value.

6 Called up share capital

	2000 £'000	1999 £'000
Authorised Equity shares		
1,000,000 Ordinary shares of £0.01 each	10	10
Allotted and fully paid Equity shares		
849,659 Allotted, called up and fully paid ordinary shares of £0.01 each	8	8

7 Reserves

	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000
At 1st January 2000	1	16,224	-
Profit for the year	-	-	-
At 31st December 2000	1	16,224	-

8 Reconciliation of movement in equity shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	2,500	2,600
Dividends	(2,500)	(2,600)
Movement in equity shareholders' funds	-	-
Opening equity shareholders' funds	16,233	16,233
Closing equity shareholders' funds	16,233	16,233

NORTH EAST BUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

9 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 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.